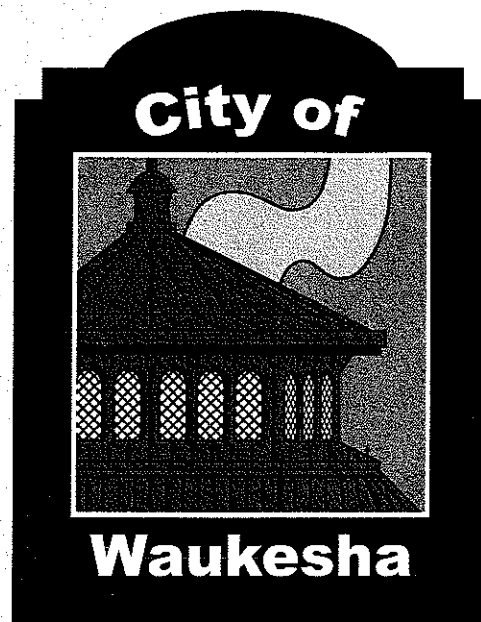


# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**INCLUDING AUDITORS' REPORTS**

**FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2006**



**City of Waukesha, Wisconsin**

# **CITY OF WAUKESHA**

**MAYOR: LARRY NELSON**

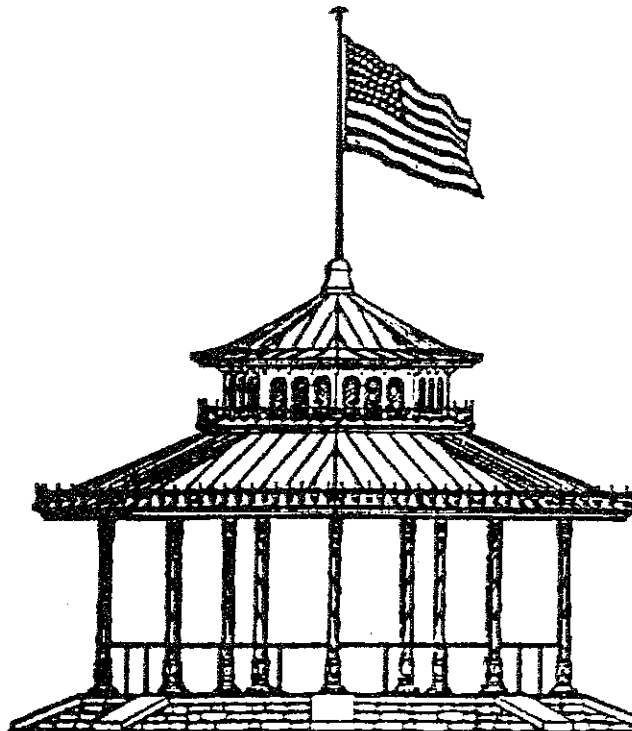
**CITY ADMINISTRATOR: STEVEN CRANDELL (INTERIM)**

## **COMMON COUNCIL**

**PRESIDENT: CARROL WALDENBERGER**

## **ALDERPERSONS**

<b>DISTRICT 1</b>	<b>JOSEPH C. LaPORTE</b>
<b>DISTRICT 2</b>	<b>ERIC PAYNE</b>
<b>DISTRICT 3</b>	<b>CHARLES K. BETKER</b>
<b>DISTRICT 4</b>	<b>JOE PIEPER</b>
<b>DISTRICT 5</b>	<b>PAUL YBARRA</b>
<b>DISTRICT 6</b>	<b>PAUL FURRER</b>
<b>DISTRICT 7</b>	<b>PEGGY BULL</b>
<b>DISTRICT 8</b>	<b>EMANUEL J. VITALE</b>
<b>DISTRICT 9</b>	<b>KATHLEEN CUMMINGS</b>
<b>DISTRICT 10</b>	<b>STEVE JOHNSON</b>
<b>DISTRICT 11</b>	<b>RANDY RADISH</b>
<b>DISTRICT 12</b>	<b>CHARLES LICHTIE</b>
<b>DISTRICT 13</b>	<b>RICK P. TORTOMASI</b>
<b>DISTRICT 14</b>	<b>JOAN FRANCOEUR</b>
<b>DISTRICT 15</b>	<b>CARROL WALDENBERGER</b>



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF WAUKESHA, WISCONSIN  
FOR THE YEAR ENDED  
DECEMBER 31, 2006**

**PREPARED BY:  
CITY OF WAUKESHA FINANCE DIVISION**

1. **Introduction**

2. **Background**

3. **Methodology**

4. **Results**

5. **Discussion**

6. **Conclusion**

7. **References**

8. **Appendix**

9. **Index**

10. **Index**

11. **Index**

12. **Index**

13. **Index**

14. **Index**

15. **Index**

16. **Index**

17. **Index**

18. **Index**

19. **Index**

**CITY OF WAUKESHA, WISCONSIN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**

**Year Ended December 31, 2006**

---

	<u>Page No.</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal from Mayor and Finance Manager	1 - 6
Organizational Chart	7
Officials of the City of Waukesha	8
<b>FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS</b>	9 - 10
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	11 - 20
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Assets	21
Statement of Activities	22 - 23
Fund Financial Statements	
Balance Sheet - Government Funds	24 - 25
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	26 - 27
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	28
Statement of Net Assets - Proprietary Funds	29 - 32
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	33 - 34
Statement of Cash Flows - Proprietary Funds	35 - 38
Statement of Net Assets - Component Units	39
Statement of Revenues, Expenses and Changes in Net Assets - Component Units	40
Notes to Basic Financial Statements	41 - 69
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund	70 - 71
Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund	72 - 73
Combining Balance Sheet - Nonmajor Governmental Funds	74 - 77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	78 - 81
Combining Statement of Net Assets - Internal Service Funds	82
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Funds	83
Combining Statement of Cash Flows - Internal Service Funds	84 - 85

**CITY OF WAUKESHA, WISCONSIN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS (CONTINUED)**

**Year Ended December 31, 2006**

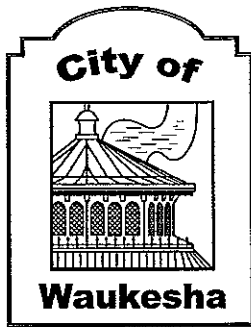
---

	<u>Page No.</u>
<b>ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	86 - 87
<b>STATISTICAL SECTION</b>	
<b>FINANCIAL TRENDS – TABLES 1-4</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and position has changed over time.	
Table 1 – Information about net assets of the City	88
Table 2 – Information about changes in net assets of the City	89 - 90
Table 3 – Year End Fund Balances – Governmental Funds	91
Table 4 – Changes in Fund Balances	93 - 94
<b>REVENUE CAPACITY – TABLES 5-8</b>	
These schedules contain information to help the reader assess the City's most significant local revenue – the property tax.	
Table 5 – Assessed Value and Estimated Fair Market Value of Taxable Property	95 - 96
Table 6 – Property Tax Rates	97
Table 7 – Information about Principal Revenue Payers	99 - 100
Table 8 – Property Tax Levies and Collections	101 - 102
<b>DEBT CAPACITY – TABLES 9-14</b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's capacity to issue additional debt in the future.	
Table 9 – Tax Incremental Districts	103 - 104
Table 10 – Ratios of Outstanding Debt by Type	105
Table 11 – Ratios of General Obligation Debt Outstanding	106
Table 12 – Direct and Overlapping Debt	107
Table 13 – Legal Debt Margin Information	109 - 110
Table 14 – Pledged Revenue Coverage for Revenue Debt	111 - 112
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION – TABLES 15-16</b>	
These schedules detail demographic and economic indicators to help the reader understand the population which the City serves.	
Table 15 – Demographic and Economic Statistics	113
Table 16 – Principal Employers	114
<b>OPERATING INFORMATION – TABLES 17-20</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
Table 17 – Number of Employees of the City by Function	115
Table 18 – Demand and Level of City Services	116 - 117
Table 19 – Capital Asset Statistics	118
Table 20 – Insurance Coverages	119

## ***INTRODUCTORY SECTION***







FINANCE DEPARTMENT  
201 DELAFIELD STREET  
sneaman@ci.waukesha.wi.us  
WAUKESHA, WISCONSIN 53188-3633  
TELEPHONE 262/524-3560 FAX 262/524-3555

Steve Neaman, Finance Manager

October 9, 2007

City of Waukesha  
Common Council Members  
Waukesha, Wisconsin

Ladies and Gentlemen:

We are pleased to submit the comprehensive annual financial report (CAFR) of the City of Waukesha, Wisconsin for the fiscal year ended December 31, 2006. Management for the City of Waukesha is responsible for all information presented in the Comprehensive Annual Financial Report and, to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. The *Comprehensive Annual Financial Report* represents the culmination of all budgeting and accounting activities engaged in by management during the year, covering all funds of the City, its component unit and its financial transactions.

### Report Format

The CAFR is presented in three main sections: Introductory, financial, and statistical. The *Introductory section* includes this transmittal letter, the City's organizational chart and a list of principal officials. The *Financial section* includes the independent auditors' report, management's discussion and analysis (MD&A), the audited basic financial statements, disclosure notes, required supplementary information, and supporting statements and schedules necessary to fairly present the financial position and the results of operations of the City in conformity with generally accepted accounting principles. The MD&A is prepared by management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The *Statistical section* includes selected financial and demographic information, typically presented on a multi-year comparative basis.

City policy, in accordance with state and federal requirements, is to provide for an annual audit of the financial records of the government by a competent certified public accountant. In addition to meeting the financial requirements set forth above, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984 and related U.S. Office of Management and Budget Circular A-133. The independent auditors' report on the basic financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in a separate issued single audit report.



## **Profile of the City of Waukesha**

Waukesha is a city that was incorporated in 1896, with an identity of mixed residential housing, and is home to educational programs (public and private) from certified pre-school to college/technical schools. It has large/small company job opportunities, and municipal service from safety to recreation. The mission of the City of Waukesha is to provide quality service delivery at an affordable tax rate. Land use zoning incorporating residential/business/commercial attractive neighborhoods/districts sets the identity of who we are. The seat of Waukesha County government is located within our city boundary, as well as 800 non-profit properties, meeting individual needs whether social or religious. The importance of redevelopment rather than massive raw land development is also a mission of our community. The City of Waukesha's vision started in 1896 and continues into the 21<sup>st</sup> Century.

## **General Information**

The City of Waukesha is located in southeastern Wisconsin approximately 15 miles west of the City of Milwaukee. The City encompasses an area of 18 square miles and is the County seat for Waukesha County. According to the Wisconsin Department of Administration, Demographic Services Center, Waukesha County is the third largest county in the State with a population of over 379,000 people.

The City of Waukesha is the most populous municipality in Waukesha County with an estimated 2005 population of 67,580. The City is easily accessible via Interstate 94 and State Highway 18. The Highway 18 corridor parallels I-94 and has been an area of sustained growth, as commercial establishments of all types have been built along the road. Several other major County and State Highways serve the City's transportation needs as well. Milwaukee's Mitchell International Airport is located approximately 20 minutes from the City.

The City of Waukesha has been consistently recognized by national surveys as a highly rated area for overall quality of life. The City was recently named the 36<sup>th</sup> best small City in America by Money Magazine.

The City of Waukesha is governed under the Mayor-Aldermanic form of government. The fifteen member Common Council is elected by aldermanic district for three-year staggered terms. The Mayor is elected at-large for a four year term.

The City of Waukesha created the position of City Administrator in 1999. The City Administrator is responsible for overseeing the various department heads. The day-to-day administration of the City is handled through the various department heads that are responsible for the everyday functions. Members of the administration are appointed to their positions with the exceptions of the Mayor, City Assessor, Attorney, Clerk-Treasurer, and part-time Judge who are elected to their positions of four-year terms. The elected administration terms expire April 2010.

## **Economic Conditions**

Waukesha County is located in southeastern Wisconsin, directly west of Milwaukee County. The County has the second highest equalized property tax base and per capita income and is the third most populous county in the State. The County covers an area of 576 square miles and consists of 8 cities, 18 villages and 12 towns. As mentioned earlier, The City of Waukesha is the most populous City in the County.



Over the past ten years, the City has experienced phenomenal growth. Over the past ten years, the City's equalized property value has nearly doubled, growing over 96%. Annual increases are shown in the table below:

<u>Year</u>	<u>Equalized Value (Including TIDs)</u>	<u>Percent of Change</u>
1997	2,920,277	
1998	3,089,712	5.80%
1999	3,265,205	5.68%
2000	3,499,115	7.16%
2001	3,785,718	8.19%
2002	4,093,369	8.13%
2003	4,453,065	8.79%
2004	4,828,734	8.44%
2005	5,256,579	8.86%
2006	5,716,892	8.76%

## **MAJOR INITIATIVES**

The following were among the many activities to which City staff and officials undertook in 2006 and continuing into 2007:

### **Municipal Facilities**

During the year, the City undertook and completed several large building projects. Fire Station Number One, located on the edge of the downtown, on St. Paul Avenue, was completed during 2006. The original building, on the same site, built in 1955, was demolished upon completion of the new building. The new 27,451 square foot building which will serve as the administrative headquarters of the ninety-seven person department cost nearly \$4.4 million to construct.

During 2006, the City also replaced the aging Horeb pool which was built in 1950. The pool was replaced with a \$1.3 million aquatic center which includes a 5,419 square foot building which houses restrooms, locker rooms, concession area, and staff administrative facilities. The 8,777 square foot, 255 55 gallon pool offers patrons the amenities of a water park. The new facility has been a large success with the public.

In addition, the City also completed a \$4 million addition to the Public Library. The addition includes a reconstructed main entrance to the building and additional space for the library's collection.

### **Economic Development**

Beginning in 2007, construction of a luxury hotel and restaurant will begin in downtown Waukesha. The construction will transform a deteriorating building into an asset for the downtown with the hope that it will spur additional development and redevelopment. The Clarke Hotel and Black Trumpet Restaurant with an estimated value of \$5 million is expected to open in 2008. The City has entered into a developer's agreement and will be contributing at least \$1.5 million to the project through its Tax Incremental District Number 11. The agreement contains an incentive clause that could contribute another \$500,000 toward the project if it spurs other large projects in the downtown area. The new five star restaurant, will be owned and managed by Andrew Ruggeri, a master chef who operates the very successful Andrew's Restaurant in Delafield and has been involved with the Delafield Hotel in Delafield, WI and the Metro Hotel in downtown Milwaukee.



## **TIF 15**

During 2006 the city created its 15th tax incremental district on the northeast side of the city. This district was created to assist with the location of LifeCare Hospital and the possible future expansion of the GE Medical facility. The LifeCare Hospital will be a 60 bed, 60,000 square foot acute-care facility built on 40 acres of land purchased from GE. GE Medical will be participating in the design and equipping of the hospital. The expected value of the building and equipment is well over \$18 million. A developer's agreement between the city and LifeCare required the city to reimburse LifeCare for the cost of upgrading a water pumping station to increase the flow and water availability in the area. The reimbursement to LifeCare was capped at \$371,240. It is estimated that the district will be closed in two year.

## **FINANCIAL INFORMATION**

### **Accounting System and Budgetary Control**

The diverse nature of government operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transaction and balances in a single accounting entity. From an accounting and financial management viewpoint, a governmental unit is a combination of several different fiscal and accounting entities, each having a separate set of accounts and functioning independently of each other. Each accounting entity is accounted for in a separate fund. A fund is defined as a fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Budgetary control is maintained through an annual budget ordinance passed by the City Council. Formal budgetary integration is employed as a management control device during the year for the General fund, Debt Service fund, and certain Special Revenue funds, and is adopted on a basis consistent with generally accepted accounting principles. Fixed, long-term budgets on a project basis are used for Capital Project funds. Flexible annual budgets are approved for proprietary funds to provide for financial management. The City Administrator and Finance Manager may authorize transfers of budgeted amounts within departments; however, transfers between departments and additional appropriations to the original budget must be made by Council resolution. The level at which expenditures may not exceed budget is by department or division.

### **Internal Control**

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.



## Cash Management

The cash management program consists of two phases. The first phase is a contractual agreement with Waukesha State Bank for services. This contract specifies that the bank will pay interest on account balances based on the Federal Funds daily rate. The banking arrangement links seven checking accounts to an interest bearing sweep account, which ensures that all excess funds are earning interest.

The second phase is a long-term investment program. Funds that are available for 30 days or longer are diversified by security type, institution, and terms of maturity to reduce investment portfolio risk. With the exception of US Treasury securities and authorized pools, no more than 50 percent of the City's total investment portfolio will be invested in a single security type or with a single financial institution. The City will maintain at least 10 percent of its total investment portfolio in instruments maturing in 30 days or less.

Collateralization is required on all savings and demand deposits, non-negotiable Certificates of Deposit, and repurchase agreements. The following summary shows investment earnings for the past five years.

<u>Year</u>	<u>General</u>	<u>Waste Water</u>	<u>Total Investment Earnings</u>
2002	\$ 749,552.51	\$ 298,024.39	\$ 1,047,576.90
2003	437,183.69	243,973.02	681,156.71
2004	461,842.76	138,690.66	600,533.42
2005	1,208,020.30	108,670.96	1,316,691.26
2006	2,163,397.80	206,093.86	2,369,491.66

## Risk Management

The City has joined other Wisconsin municipalities for liability insurance coverage. The City, on January 1, 2003, became a member of Community Insurance Corporation which has since grown to 25 Cities and 48 Villages. Community Insurance has provided risk management and liability insurance services since January 1, 2002. Under this program, the City's self-insured retention is \$10,000 per occurrence and \$75,000 annual aggregate. Through a strong risk management program, the City has retained \$68,519 of its self-insured retention level.

The City's worker's compensation coverage is with Wausau General Insurance Company. Through a strong partnership with the risk management program, the City has maintained a very favorable experience modification factor which is presently .64. This favorable modification factor has saved the City nearly \$300,000 in premiums in 2006.

## INDEPENDENT AUDIT

Included in the financial section is the independent auditor's report which is a significant part of the Comprehensive Annual Financial Report (CAFR). In this report, Schenck SC, Certified Public Accountants, express their opinion that the financial statements are presented fairly in conformity with generally accepted accounting principles and comment on the scope of the examination. The opinion is unqualified and signifies a substantial level of achievement. Compliance audits of the City's federal and state financial assistance programs for the year ended December 31, 2006 were also completed by the independent auditors. These reports are available under separate cover.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Immediately following the independent auditor's report is *Management's Discussion and Analysis* which provides a narrative introduction, overview, and analysis of the basic financial statements.

## ACKNOWLEDGMENTS

We would like to thank the City Council for their support in planning and conducting the financial operations of the City in a responsible manner. In addition, we would also like to express our appreciation to Marie Bieber, Deputy Clerk/Treasurer, Tom Neill, Clerk/Treasurer, and Paul Klauck, City Assessor. With their assistance staff was able to retrieve the necessary historical assessment and taxation information needed to complete the Statistical Section. In addition, we would also like to express our appreciation to the staff of the Finance office, in particular Keith Yahn, for their dedication in preparing this report.

Respectfully Submitted,



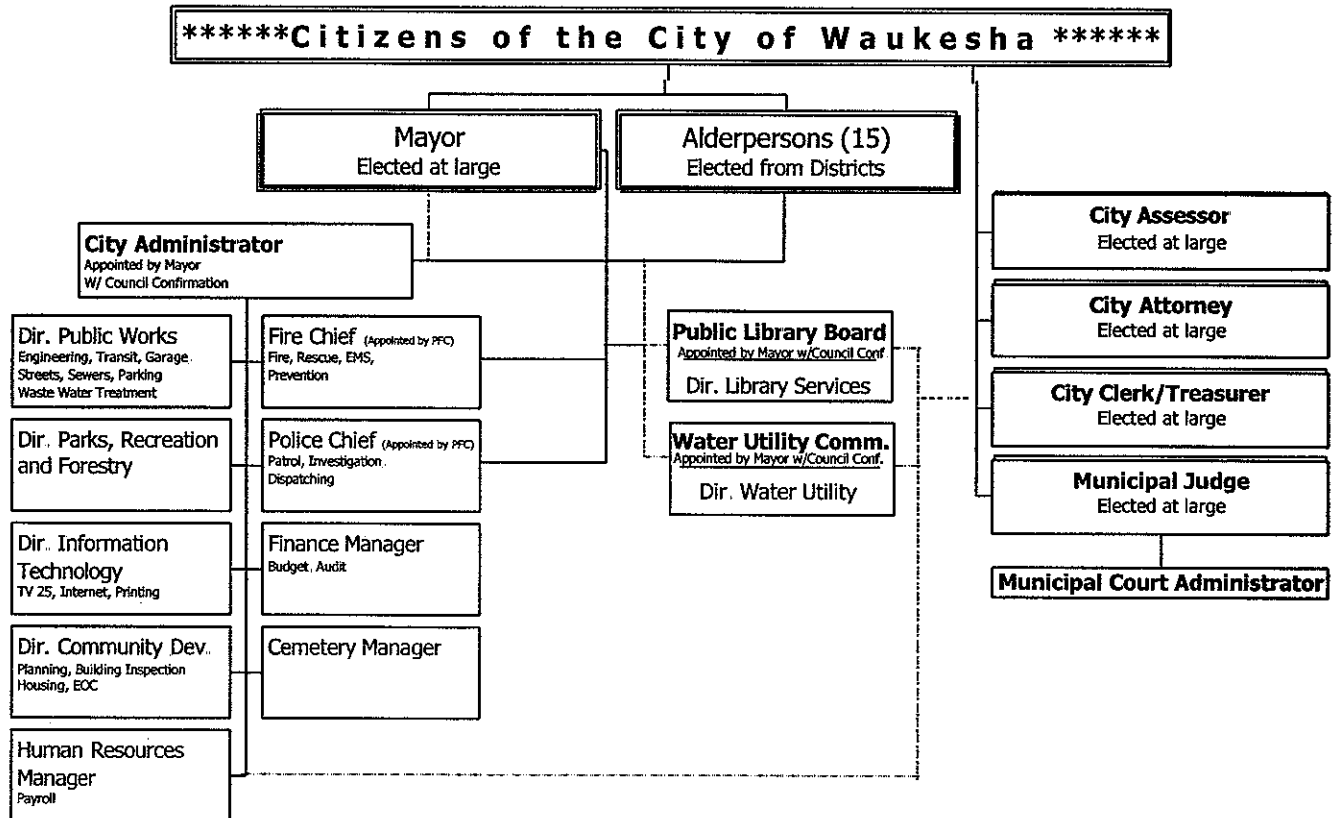
Stephen Neaman  
Finance Manager



Larry Nelson  
Mayor



# City of Waukesha Organization Chart



Numerous other appointed, volunteer boards and commissions provide for review and recommendation on various policies and programs but do not provide independent operational oversight of activities. These include: Architectural Review Board, Board of Building Appeals, Board of Public Works, Board of Review, Board of Zoning Appeals, Cemetery Board, Electrical Examiners Board, Ethics Board, Equal Opportunities Commission, Fox River Development Board, Housing Authority Commission, Landmarks Commission, Parks, Recreation and Forestry Board, Plan Commission, Police and Fire Commission, Redevelopment Authority, Sign Appeals Board, Sign Review Board, Telecommunications Commission and Transit Commission

Dated: April 23, 2006

**CITY OF WAUKESHA, WISCONSIN  
ELECTED AND APPOINTED OFFICIALS**

**Elected Officials**

		<b>Term Begins</b>	<b>Term Expires</b>
District 1	Joseph C. LaPorte	April 2007	April 2009
District 2	Eric Payne	April 2006	April 2008
District 3	Charles K. Betker	April 2006	April 2008
District 4	Joe Pieper	April 2007	April 2009
District 5	Paul Ybarra	April 2007	April 2009
District 6	Paul Furrer	April 2006	April 2008
District 7	Peggy Bull	April 2006	April 2008
District 8	Emanuel J. Vitale	April 2007	April 2009
District 9	Kathleen Cummings	April 2007	April 2009
District 10	Steve Johnson	April 2006	April 2008
District 11	Randy Radish	April 2007	April 2009
District 12	Charles Lichtie	April 2007	April 2009
District 13	Rick P. Tortomasi	April 2006	April 2008
District 14	Joan Francoeur	April 2007	April 2009
District 15	Carrol Waldenberger	April 2007	April 2009
Mayor	Larry Nelson	April 2006	April 2009
Clerk/Treasurer	Thomas Neill	Jan. 2006	Dec. 2009
Assessor	Paul Klauck	Jan. 2006	Dec. 2009
Attorney	Curt Meitz	Jan. 2006	Dec. 2009
Municipal Judge	Joseph Cook	Jan. 2006	Dec. 2009

**Appointed Officials**

Steven Crandell.....	Interim City Administrator
Jane Ameel.....	Library Director
Steven Crandell.....	Director of Community Development
Paul Day.....	Interim Director of Public Works
Ron Grall.....	Director of Parks & Recreation
Bret Mantey.....	Information Technology Director
David Brenner.....	Cemetery Director
Stephen A. Neaman.....	Finance Manager
Leslie Sharrock.....	Chief of Police
Allen LaConte.....	Chief of Fire Department



## ***FINANCIAL SECTION***



## INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS

To the City Council  
City of Waukesha  
Waukesha, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waukesha, Wisconsin ("the City") as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Waukesha's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the City of Waukesha (Housing Authority), which represents 98% and 96%, respectively, of the assets and revenues of the component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The financial information listed in the table of contents as supplemental information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents on the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Waukesha, Wisconsin. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



Certified Public Accountants  
Green Bay, Wisconsin  
July 25, 2007

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## **City of Waukesha, Wisconsin**

### **Management's Discussion and Analysis**

This discussion and analysis of the City of Waukesha's financial performance is intended to provide an overview of the City's financial activities for the fiscal year ended December 31, 2006 in comparison with the year ended December 31, 2005. Please consider it in conjunction with the City's financial statements, which begin on page 21, following this narrative.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The City of Waukesha's basic financial statements are comprised of three components: 1) government-wide statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements, themselves.

##### **Government-Wide Financial Statements**

The two *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities.

The *Statement of Net Assets* presents information on all of the City of Waukesha's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish those functions of the municipality that are principally supported by taxes and intergovernmental revenues, known as *governmental activities*, from other functions that are intended to recover all or a significant portion of their costs through user fees and service charges, called *business-type activities*. The governmental activities of the City of Waukesha include general government, public safety, highways and streets, sanitation, culture and recreation, conservation and development and other interest and fiscal charges. The business-type activities of the City include a water utility, wastewater utility, mass transit, parking utility and the city cemetery.

The government-wide financial statements include not only the City of Waukesha itself (*the primary government*) but also a legally separate Housing Authority and Business Improvement District for which the City is accountable (*component unit*). Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 21 through 23 of this report.

## Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Waukesha, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance related legal requirements. All of the funds of the City of Waukesha can be divided into two categories: *governmental funds* and *proprietary funds*.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the municipality's near-term financing decisions. Both the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Waukesha maintains 44 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, General Debt Service and Combined TIF Debt Service, all of which are considered to be major funds or funds for which separate reporting has been determined to be helpful in fulfilling other legal reporting requirements. Data from the other 41 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental fund financial statements can be found beginning on page 24 of this report.

**Proprietary Funds** maintained by the City of Waukesha are of two different types: *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report those functions presented as business-type activities in the government-wide financial statements. The City's fund financial statements present separate enterprise fund information for the Water Utility, Wastewater Utility, Transit System Utility, Parking Utility and the city's only non-major enterprise fund (Cemetery). *Internal service funds* are used to account for enterprise-like operations that provide services, on a user fee basis, primarily or exclusively to departmental customers within the governmental entity itself, rather than to external customers. The City of Waukesha uses internal service funds to account for its print shop, dental and life insurance, health insurance, and property, liability and workers compensation insurance. These internal functions are reported in a single, aggregated proprietary fund statement presentation and included with other governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found beginning on page 29 of this report.

## Notes to the Financial Statements

The notes to the financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 41 of this report.



## Supplementary Information

Following the basic government-wide and fund financial statements, accompanying notes, and required supplementary information (RSI), additional supplementary information has been provided as part of this report. The supplementary information includes combining statements for the non-major governmental and internal service. This supplementary information section of the report begins on page 70.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City of Waukesha's statement of net assets is summarized in the table below. The City's assets exceeded liabilities by \$210 million at the close of 2006. This is an increase of \$18.2 million over last year. The increase was largely do to the addition of \$7.9 million of historical storm sewer assets being recorded as part of the City's compliance with GASB pronouncement 34. Part of this pronouncement required government entities to retroactively report general infrastructure assets on their Statement of Net Assets. In 2003 the City recorded all of these assets with the exception of storm sewer assets. The records at that time were not complete. The requirements of GASB 34 stated that the City had to report all of these assets by the end of 2007. In addition to the asset recording, the City also received \$5.2 million in settlements associated with the cleanup of a landfill site. The vast majority of these net assets 93% reflect the City's investment in capital assets including land, land improvements, buildings, machinery and equipment, infrastructure, plant in service and construction in progress, net of related outstanding debt used to acquire the assets. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Waukesha, Wisconsin Summary Statement of Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 139,119,275	\$ 125,801,072	\$ 26,649,162	\$ 22,850,197	\$ 165,768,437	\$ 148,651,269
Capital Assets (net)	\$ 150,802,665	\$ 137,333,856	\$ 137,373,865	\$ 132,263,841	\$ 288,176,530	\$ 269,597,697
Total Assets	\$ 289,921,940	\$ 263,134,928	\$ 164,023,027	\$ 155,114,038	\$ 453,944,967	\$ 418,248,966
Current Liabilities	\$ 117,245,390	\$ 110,213,264	\$ 3,772,028	\$ 3,887,205	\$ 121,017,418	\$ 114,100,469
Non-current Liabilities	\$ 92,296,180	\$ 85,855,306	\$ 30,325,999	\$ 26,202,338	\$ 122,622,179	\$ 112,057,644
Total Liabilities	\$ 209,541,570	\$ 196,068,570	\$ 34,098,027	\$ 30,089,543	\$ 243,639,597	\$ 226,158,113
Net Assets:						
Invested in Capital Net of Debt	\$ 83,986,097	\$ 79,061,271	\$ 112,056,622	\$ 108,092,234	\$ 196,042,719	\$ 187,153,505
Restricted	\$ 1,089,976	\$ 1,312,199	\$ 6,841,986	\$ 3,686,105	\$ 7,931,962	\$ 4,998,304
Unrestricted (deficit)	\$ (4,695,703)	\$ (13,307,112)	\$ 11,026,392	\$ 13,246,156	\$ 6,330,689	\$ (60,956)
Total Net Assets	\$ 80,380,370	\$ 67,066,358	\$ 129,925,000	\$ 125,024,495	\$ 210,305,370	\$ 192,090,853
Total Net Assets as a % of Total Liabilities	38%	34%	381%	416%	86%	85%
Unrestricted Nets Assets as a % of Total Liabilities	-2%	-7%	32%	44%	3%	0%

A portion of the City's net assets (3.8%) represents resources that are subject to other restrictions as to how they may be used. The remaining surplus of \$6,330,689 of total net assets will need to be available in the future to meet the City's on-going obligations to its citizens and creditors. The increase in unrestricted net assets of the governmental activities can be attributed to the landfill settlement mentioned above and the result of favorable operation. The business-type activities unrestricted net assets fell by \$2.2 million this year but still remained a positive amount. The reduction was the result of assets becoming restricted and the investment of unrestricted assets in capital assets.

At the end of 2006, the City is able to report positive balances in all categories of net assets for the government as a whole. Only its business-type activities can report a positive balance on an individual basis. While the governmental-type activities had a deficit unrestricted net assets, total net assets exceeded total liabilities at the end of 2006 for both governmental and business-type activities. Unrestricted net assets improved by 5% over 2005 for governmental activities, and fell by 12% to 32% for business-type activities.

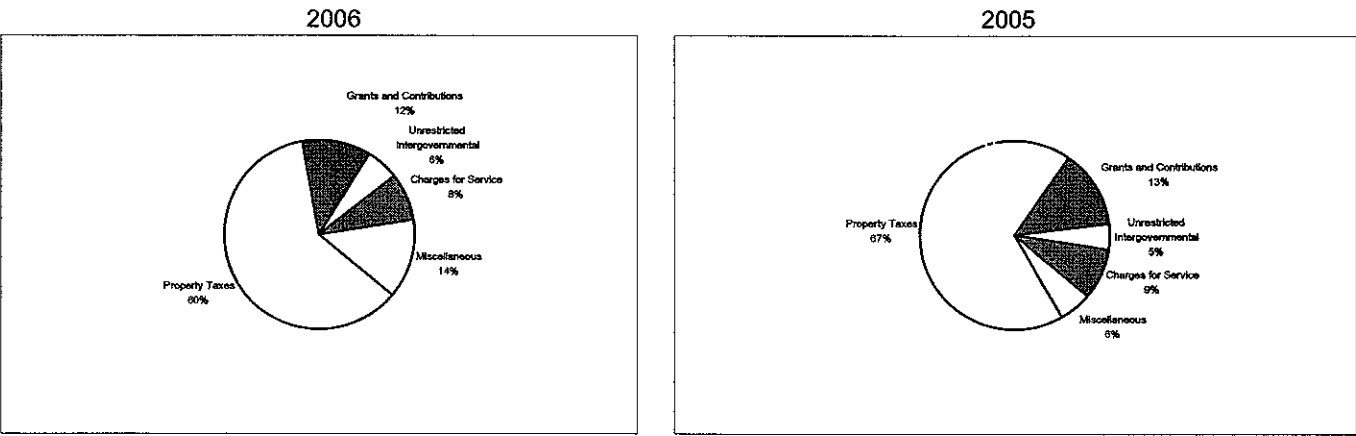
### City of Waukesha, Wisconsin Summary Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program Revenues						
Charges for service	\$ 5,618,257	\$ 5,270,665	\$ 18,653,796	\$ 18,704,419	\$ 24,272,053	\$ 23,975,084
Operating grants and contributions	\$ 5,247,020	\$ 5,229,776	\$ 5,768,473	\$ 5,819,378	\$ 11,015,493	\$ 11,049,154
Capital grants and contributions	\$ 2,826,321	\$ 2,876,902	\$ 4,552,350	\$ 4,342,002	\$ 7,378,671	\$ 7,218,904
General Revenues						
Property taxes	\$ 42,552,959	\$ 41,364,912	\$ 885,484	\$ 1,135,106	\$ 43,438,443	\$ 42,500,018
Other taxes	\$ 1,693,361	\$ 1,472,178	\$ -	\$ -	\$ 1,693,361	\$ 1,472,178
Intergovernmental revenues	\$ 3,856,858	\$ 2,738,815	\$ -	\$ -	\$ 3,856,858	\$ 2,738,815
Investment earnings	\$ 2,287,480	\$ 1,280,326	\$ 887,994	\$ 382,032	\$ 3,175,474	\$ 1,662,358
Miscellaneous	\$ 5,560,412	\$ 618,470	\$ 35,126	\$ 30,671	\$ 5,595,538	\$ 649,141
Total Revenues	\$ 69,642,668	\$ 60,852,044	\$ 30,783,223	\$ 30,413,608	\$ 100,425,891	\$ 91,265,652
<b>Expenses</b>						
General government	\$ 8,355,210	\$ 7,171,272	\$ -	\$ -	\$ 8,355,210	\$ 7,171,272
Public safety	\$ 26,139,258	\$ 25,018,063	\$ -	\$ -	\$ 26,139,258	\$ 25,018,063
Highways and streets	\$ 13,575,809	\$ 11,017,532	\$ -	\$ -	\$ 13,575,809	\$ 11,017,532
Sanitation	\$ 2,070,610	\$ 1,960,635	\$ -	\$ -	\$ 2,070,610	\$ 1,960,635
Culture and recreation	\$ 10,379,313	\$ 10,375,323	\$ -	\$ -	\$ 10,379,313	\$ 10,375,323
Conservation and development	\$ 305,725	\$ 710,042	\$ -	\$ -	\$ 305,725	\$ 710,042
Interest and fiscal charges	\$ 3,530,573	\$ 3,189,687	\$ -	\$ -	\$ 3,530,573	\$ 3,189,687
Water	\$ -	\$ -	\$ 5,439,271	\$ 4,805,332	\$ 5,439,271	\$ 4,805,332
Wastewater	\$ -	\$ -	\$ 9,047,169	\$ 8,510,188	\$ 9,047,169	\$ 8,510,188
Transit	\$ -	\$ -	\$ 9,492,306	\$ 9,349,101	\$ 9,492,306	\$ 9,349,101
Parking	\$ -	\$ -	\$ 934,438	\$ 904,590	\$ 934,438	\$ 904,590
Other	\$ -	\$ -	\$ 628,501	\$ 724,509	\$ 628,501	\$ 724,509
Total Expenses	\$ 64,356,498	\$ 59,442,554	\$ 25,541,685	\$ 24,293,720	\$ 89,898,183	\$ 83,736,274
Changes in Net Assets Before Transfers	\$ 5,286,170	\$ 1,409,490	\$ 5,241,538	\$ 6,119,888	\$ 10,527,708	\$ 7,529,378
Transfers	\$ 125,163	\$ 720,841	\$ (125,163)	\$ (720,841)	\$ -	\$ -
Change in Net Assets	\$ 5,411,333	\$ 2,130,331	\$ 5,116,375	\$ 5,399,047	\$ 10,527,708	\$ 7,529,378
NET ASSETS - Beginning of Year	\$ 67,066,358	\$ 64,936,027	\$ 125,024,495	\$ 118,719,468	\$ 192,090,853	\$ 183,655,495
Prior Period Adjustment	\$ 7,902,679	\$ -	\$ (215,870)	\$ 905,980	\$ 7,686,809	\$ 905,980
NET ASSETS - End of Year	\$ 80,380,370	\$ 67,066,358	\$ 129,925,000	\$ 125,024,495	\$ 210,305,370	\$ 192,090,853

The governmental activities net assets rose during the year by \$5.4 million before prior period adjustments. This was primarily because of \$5.2 million settlement for the landfill project and the result of favorable operating activities for the year. The business-type activities grew by \$5.1 million as a result of favorable operations and capital contributions. For further information on the business-type activities please refer to the Financial Analysis Section of the major proprietary funds.

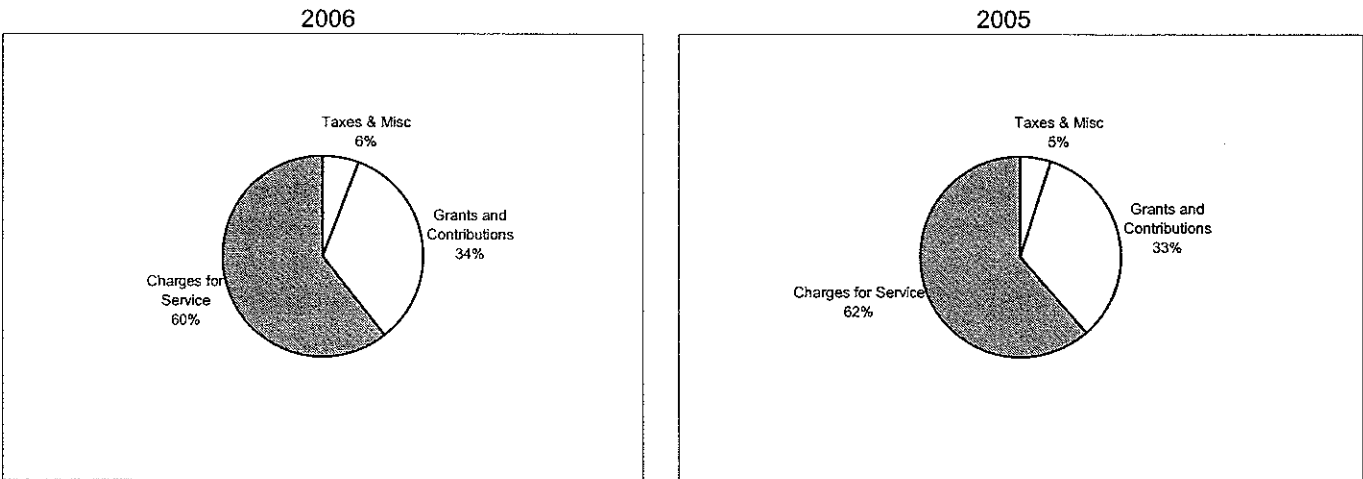
An examination of the statement of activities can provide a concise picture of how the various activities of the City are funded. The following pie charts draw data from the statement of activities. For governmental services, the City is highly dependent upon property taxes for funding, deriving 60% in 2006 and 67% in 2005 of its revenue from this single source. The decline in property tax revenue as a percentage of total revenue is due to the city receiving \$5.2 million in settlement proceeds classified under miscellaneous revenues. The settlement was related to a landfill site clean up. Operating and capital grants and contributions along with unrestricted intergovernmental revenues comprise another 18% in both 2006 and 2005, while charges for services and all other sources account for 22% in 2006 and 15% in 2005 of total governmental activity resources

Governmental Activities  
Revenues by Source



In the case of business-type activities, the data shows a considerably different picture. Charges for services (60% 2006, 62% 2005) replace property taxes as the primary revenue. Grants and contributions related to intergovernmental aid for transit operations and developer contributed water and sewer mains were 34% in 2006 and 33% in 2005 of business type revenues.

Business-Type Activities  
Revenues by Source



## FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

### Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows and spendable resources. Such information can be useful in assessing the City's financing requirements. In particular, the level of unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2006, the City of Waukesha's governmental funds reported combined ending fund balances of approximately \$23 million, an increase of \$5.85 million over the previous year. This was from the landfill settlement and favorable operations. Of the total fund balance for 2006, \$8.5 million is reserved for specific legal requirements and other commitments, leaving total unreserved governmental fund balances of \$14.5 million available for spending at the discretion of the City's common council. This is an increase of \$5.66 million from 2005. As the result of past actions and policy decisions, \$9.1 million of these unreserved balances have been segregated or otherwise designated for specific uses, leaving an unreserved, undesignated fund balance of \$5.2 million in the governmental funds. Which is an increase of \$762,893 over last year.

**General Fund:** The general fund is the primary governmental fund of the city. As of December 31, 2006 the fund balance for the general fund was approximately \$5.6 million. This is an increase of \$820,795 over the ending fund balance from the previous year. The increase in fund balance is due primarily from favorable increases in State aids and interest income over what was budgeted on the revenue side and less than budgeted expenditures.

**General Debt Service:** The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The ending fund balance for 2006 was \$1,022,711. This was an increase of \$217,646 from the 2005 balance. This was primarily the result of higher than expected interest earnings and savings in refunding payments.

**Tax Incremental Financing Debt Service:** The TIF debt service funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs associated with the six open tax incremental districts of the city. The TIF debt service fund balance fell in aggregate by \$439,869 from the previous year. This was the result of TIF incremental revenues not keeping pace with debt service requirements.

The aggregated other governmental funds column includes various special revenue, revolving loan, grant, endowment and capital project funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The accumulated fund balances of these funds grew by more than \$5.25 million during 2006 primarily as a result of the landfill settlement received by the City.

## **Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. The net assets of the enterprise-type proprietary funds at the end of 2006 totaled \$130 million, up \$4.9 million from the previous year. \$4.6 million of the increase was due to capital contributions to the Water, Sewer and Transit utilities. Most of the contributions were for the distribution and collection systems and were added by outside developers. This is a direct reflection of the strong development and continuing growth of the City. The remaining increase in net assets of the enterprise-type proprietary funds was a result of favorable operations.

The net assets of the City's internal service-type proprietary funds increased during the year by \$590,541. The majority of the increase was attributable to favorable claims activity for the City's self insured health insurance fund.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

As shown in the "Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund", the original 2006 general fund budget authorized expenditures and transfers out of approximately \$48.9 million, funded by anticipated revenues and transfers in of \$48.9 million. During the year, the Common Council increased expenditure appropriations by \$154,979 to accommodate carryovers from the previous year and additional capital grants. The revenue budget was increased by \$117,167 for additional revenues associated with these new grants.

The City ended the year with a favorable general fund budget variance in revenues and a favorable one for expenditures. Revenues and transfers in were \$686,071 or 1.4% above the final amended budget while expenditures and transfers out came in \$172,536 below the final budget amount. Overall the General Fund ended the year on a positive note, with revenues and transfers in exceeding expenditures by \$820,795.

During the year expenditure appropriations were increased by \$154,979 by the council. Of the increase, \$117,719 was for grants by the city that were unanticipated at the time of original budget adoption. Carryovers from the previous year for projects started in 2005 amounted to a \$37,260 increase in the 2006 expenditure budget.

## CAPITAL ASSETS AND LONG TERM DEBT

### Capital Assets

In accordance with the implementation requirements of GASB #34, the City has recorded historical costs and depreciation expense associated with all of its capital assets, including infrastructure. This year the City added \$7.9 million for its storm sewer network. As summarized in the table below, the City's reported net investment in capital assets for governmental and business type activities as of December 31, 2006 totaled over \$288.2 million.

Total accumulated depreciation at the end of the year was \$159.2 million, or approximately 36% of the historical asset cost.

### City of Waukesha, Wisconsin Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 24,554,959	\$ 23,815,002	\$ 2,850,551	\$ 2,848,496	\$ 27,405,510	\$ 26,663,498
Improvements	\$ 3,760,577	\$ 3,652,809	\$ -	\$ -	\$ 3,760,577	\$ 3,652,809
Buildings	\$ 43,501,811	\$ 42,678,437	\$ 73,395,881	\$ 70,423,760	\$ 116,897,692	\$ 113,102,197
Machinery and Equipment	\$ 32,101,515	\$ 30,631,712	\$ 39,988,755	\$ 37,370,411	\$ 72,090,270	\$ 68,002,123
Infrastructure	\$ 139,867,633	\$ 125,495,032	\$ 79,438,776	\$ 74,856,343	\$ 219,306,409	\$ 200,351,375
Construction in Progress	\$ 6,317,792	\$ 2,115,226	\$ 1,626,789	\$ 2,376,670	\$ 7,944,581	\$ 4,491,896
Sub-total	\$ 250,104,287	\$ 228,388,218	\$ 197,300,752	\$ 187,875,680	\$ 447,405,039	\$ 416,263,898
Less: Accumulated Depreciation	\$ (99,301,622)	\$ (91,054,362)	\$ (59,926,887)	\$ (55,611,839)	\$ (159,228,509)	\$ (146,666,201)
Net Capital Assets	\$ 150,802,665	\$ 137,333,856	\$ 137,373,865	\$ 132,263,841	\$ 288,176,530	\$ 269,597,697

Some of the most significant additions to the City's capital assets during 2006 included:

• New Fire Station (construction in progress)	\$3.5 million
• Street network additions	\$4.0 million
• Water mains and distribution assets	\$6.0 million
• Storm sewer additions	\$8.2 million
• Sanitary sewer collection system additions	\$2.1 million
• Fleet and heavy equipment	\$1.3 million

Additional information related to the City of Waukesha's capital assets is reported in Note C-4 capital assets following the financial statements.

## Long-Term Debt

On December 31, 2006, the City of Waukesha had \$115,758,423 of long-term notes, bonds, bond anticipation and note anticipation notes outstanding and revenue bonds, as summarized in the following table:

### City of Waukesha, Wisconsin Notes and Bonds Outstanding

	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General Obligation Bonds and Notes	\$ 85,432,424	\$ 79,415,405	\$ 5,540,855	\$ 6,061,023	\$ 90,973,279	\$ 85,476,428
Revenue Bonds	\$ -	\$ -	\$ 24,785,144	\$ 20,141,315	\$ 24,785,144	\$ 20,141,315
Total	\$ 85,432,424	\$ 79,415,405	\$ 30,325,999	\$ 26,202,338	\$ 115,758,423	\$ 105,617,743

It is anticipated that the outstanding bond and note anticipation notes will be refinanced with long-term bonds and notes over the next few years.

Under Wisconsin State Statutes, the outstanding long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. Applicable debt of the City totaled \$83,287,757 which is 29% of the maximum legal limit of \$285,844,580. This is an increase of 1.5% of the percent of maximum legal limit over 2005. During 2006, the City issued new debt for the following amounts:

### City of Waukesha, Wisconsin Long-Term Debt Issued during 2006

<u>Date</u>	<u>Type of Debt</u>	<u>Amount</u>	<u>Moody's Rating</u>
3/15/2006	General Obligation Bonds	\$ 8,900,000	Aa2
3/15/2006	Note Anticipation Note	\$ 1,000,000	MIG1
4/15/2006	Revenue Bonds	\$ 7,865,000	Aaa
6/30/2006	General Obligation Promissory Notes	\$ 6,975,000	Aa2
6/30/2006	Note Anticipation Note	\$ 3,865,000	MIG1
		<u>\$ 28,605,000</u>	

For more information on the city's long-term obligations refer to Note C-7 long-term obligations.

## **CURRENTLY KNOWN FACTS**

The adoption of the 2007 general fund budget resulted in an expenditure increase of 5.22% over the previous year. The general fund property tax levy increased by 5.45%, while other revenue sources increased by 4.77%. A large portion of the increase in other revenue was a result of increased interest income, and State aids projected by the city. The tax levy increase for all funds in 2007 was 5.07% and the assessed tax rate increased by 3.04%. The City underwent a reassessment of its property values in 2005.

## **REQUESTS FOR INFORMATION**

This report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to provide accountability for the financial resources it receives. If you have questions about the information contained in this report or need additional financial information concerning the City of Waukesha, please contact the City Finance Office, 201 Delafield St., Room 111, Waukesha, Wisconsin, 53188. Our telephone number is 262-524-3560 and our e-mail address is [Finanace@ci.waukesha.wi.us](mailto:Finanace@ci.waukesha.wi.us).



## **BASIC FINANCIAL STATEMENTS**



**CITY OF WAUKESHA, WISCONSIN**  
**Statement of Net Assets**  
**December 31, 2006**

	Primary Government			
	Governmental	Business-		Component
	Activities	Type	Totals	Units
	Activities	Activities		
<b>ASSETS</b>				
Cash and investments	\$ 80,095,970	\$ 7,916,277	\$ 88,012,247	\$ 1,660,494
Receivables (net of allowance for uncollectibles)				
Taxes	52,857,118	-	52,857,118	-
Accounts	1,586,332	3,102,607	4,688,939	161,680
Special assessments	207,812	391,043	598,855	108,525
Accrued interest	10,360	-	10,360	15,789
Long-Term loans	5,185,956	627,976	5,813,932	-
Other	5,748	-	5,748	-
Prepaid items and inventories	394,185	1,375,287	1,769,472	31,459
Other assets	171,601	157,378	328,979	-
Internal balances	105,409	(105,409)	-	-
Due from other governmental units	338,471	-	338,471	-
Restricted Assets				
Cash and investments	-	11,270,058	11,270,058	590,653
Interest receivable	-	74,258	74,258	-
Advances	(1,839,687)	1,839,687	-	-
Capital Assets				
Land	24,554,959	2,850,551	27,405,510	1,875,378
Construction in progress	6,317,792	1,626,789	7,944,581	-
Buildings	43,501,811	73,395,881	116,897,692	13,056,580
Improvements other than buildings	3,760,577	-	3,760,577	1,211,856
Machinery and equipment	32,101,515	39,988,755	72,090,270	297,396
Infrastructure	139,867,633	79,438,776	219,306,409	-
Less: Accumulated depreciation	(99,301,622)	(59,926,887)	(159,228,509)	(7,969,177)
Total Assets	289,921,940	164,023,027	453,944,967	11,040,633
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	6,034,887	3,232,318	9,267,205	77,454
Due to other governmental units	61,394,347	-	61,394,347	78,759
Unearned revenues	48,456,563	392,315	48,848,878	141,609
Deposits	222,436	-	222,436	102,512
Other	1,137,157	147,395	1,284,552	-
Noncurrent Liabilities				
Due within one year	11,751,316	3,791,184	15,542,500	-
Due in more than one year	80,544,864	26,534,815	107,079,679	-
Total Liabilities	209,541,570	34,098,027	243,639,597	400,334
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	83,986,097	112,056,622	196,042,719	8,472,033
Restricted	1,089,976	6,841,986	7,931,962	550,000
Unrestricted (deficit)	(4,695,703)	11,026,392	6,330,689	1,618,266
<b>TOTAL NET ASSETS</b>				
	\$ 80,380,370	\$129,925,000	\$210,305,370	\$10,640,299

**CITY OF WAUKESHA, WISCONSIN**  
**Statement of Activities**  
**Year Ended December 31, 2006**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 8,355,210	\$ 604,831	\$ 78,555	\$ -
Public safety	26,139,258	2,817,684	330,937	-
Highways and streets	13,575,809	781,942	2,836,445	2,775,473
Sanitation	2,070,610	27,220	-	-
Culture and recreation	10,379,313	1,386,376	1,591,480	50,848
Conservation and development	305,725	204	409,603	-
Interest and fiscal charges	3,530,573	-	-	-
<b>Total Governmental Activities</b>	<b>64,356,498</b>	<b>5,618,257</b>	<b>5,247,020</b>	<b>2,826,321</b>
Business-type Activities				
Water Utility	5,439,271	6,865,990	-	2,354,473
Wastewater Utility	9,047,169	9,131,030	-	1,731,171
Transit System Utility	9,492,306	1,733,448	5,768,473	466,706
Parking Utility	934,438	535,435	-	-
Cemetery	628,501	387,893	-	-
<b>Total Business-type Activities</b>	<b>25,541,685</b>	<b>18,653,796</b>	<b>5,768,473</b>	<b>4,552,350</b>
<b>Total Primary Government</b>	<b>\$89,898,183</b>	<b>\$24,272,053</b>	<b>\$11,015,493</b>	<b>\$ 7,378,671</b>
<b>Component Units</b>				
Housing Authority	\$ 5,767,381	\$ 1,015,770	\$ 4,357,434	\$ -
Business Improvement District	176,802	162,737	69,295	-
<b>Total Component Units</b>	<b>\$ 5,944,183</b>	<b>\$ 1,178,507</b>	<b>\$ 4,426,729</b>	<b>\$ -</b>

**General Revenue**

**Taxes**

Property taxes levied for general purposes  
Property taxes levied for debt service  
Property taxes levied for nonmajor funds  
Franchise fees and other taxes

Intergovernmental revenues not restricted for  
specific programs

Investment income

Miscellaneous

Gain on sale of assets

**Transfers**

Total General Revenue and Transfers

Change in Net Assets

NET ASSETS - January 1

Prior period Adjustment

NET ASSETS - December 31

The notes to the basic financial statements are an integral part of this statement.

Government Activities	Business-type Activities	Totals	Component Units
\$ (7,671,824)	\$ -	\$ (7,671,824)	\$ -
(22,990,637)	-	(22,990,637)	-
(7,181,949)	-	(7,181,949)	-
(2,043,390)	-	(2,043,390)	-
(7,350,609)	-	(7,350,609)	-
104,082	-	104,082	-
(3,530,573)	-	(3,530,573)	-
(50,664,900)	-	(50,664,900)	-
-	3,781,192	3,781,192	-
-	1,815,032	1,815,032	-
-	(1,523,679)	(1,523,679)	-
-	(399,003)	(399,003)	-
-	(240,608)	(240,608)	-
-	3,432,934	3,432,934	-
(50,664,900)	3,432,934	(47,231,966)	-
-	-	-	(394,177)
-	-	-	55,230
-	-	-	(338,947)
32,283,663	885,484	33,169,147	\$ -
8,184,882	-	8,184,882	-
2,084,414	-	2,084,414	-
1,693,361	-	1,693,361	-
3,856,858	-	3,856,858	-
2,287,480	887,994	3,175,474	59,558
5,355,421	35,126	5,390,547	85,610
204,991	-	204,991	-
125,163	(125,163)	-	-
56,076,233	1,683,441	57,759,674	145,168
5,411,333	5,116,375	10,527,708	(193,779)
67,066,358	125,024,495	192,090,853	10,834,078
7,902,679	(215,870)	7,686,809	-
\$ 80,380,370	\$129,925,000	\$210,305,370	\$10,640,299

**CITY OF WAUKESHA, WISCONSIN**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2006**

	General	Debt Service - General	Debt Service- TIF Districts	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 60,147,098	\$ 387,711	\$ 389,765	\$ 17,762,228	\$ 78,686,802
Receivables					
Taxes	42,079,419	7,288,576	1,820,530	1,568,593	52,757,118
Accounts	1,170,958	-	-	349,703	1,520,661
Special assessments	30,717	-	6,042	171,053	207,812
Loans	-	635,000	-	4,550,956	5,185,956
Accrued interest	10,360	-	-	-	10,360
Other	5,748	-	-	-	5,748
Due from other governmental units	77,152	-	-	261,319	338,471
Due from other funds	1,612,075	-	-	27,609	1,639,684
Inventories	184,954	-	-	-	184,954
Prepaid items	70,128	-	-	75,749	145,877
<b>TOTAL ASSETS</b>	<b>\$ 105,388,609</b>	<b>\$ 8,311,287</b>	<b>\$ 2,216,337</b>	<b>\$ 24,767,210</b>	<b>\$ 140,683,443</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,701,231	\$ -	\$ -	\$ 989,555	\$ 2,690,786
Other accrued liabilities	976,079	-	-	971	977,050
Compensated absences	475,284	-	-	-	475,284
Due to other governmental units	61,394,347	-	-	-	61,394,347
Due to other funds	898,891	-	322,500	302,997	1,524,388
Deposits	37,120	-	-	185,316	222,436
Advance due to other funds	-	-	-	1,839,687	1,839,687
Deferred revenue	34,318,659	7,288,576	1,826,572	5,157,653	48,591,460
<b>Total Liabilities</b>	<b>99,801,611</b>	<b>7,288,576</b>	<b>2,149,072</b>	<b>8,476,179</b>	<b>117,715,438</b>
<b>Fund Balances</b>					
Reserved	255,082	1,022,711	67,265	7,148,922	8,493,980
Unreserved and undesignated, reported in:					
General Fund	5,331,916	-	-	-	5,331,916
Special Revenue Funds	-	-	-	663,729	663,729
Capital Projects Funds	-	-	-	8,478,380	8,478,380
<b>Total Fund Balances</b>	<b>5,586,998</b>	<b>1,022,711</b>	<b>67,265</b>	<b>16,291,031</b>	<b>22,968,005</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 105,388,609</b>	<b>\$ 8,311,287</b>	<b>\$ 2,216,337</b>	<b>\$ 24,767,210</b>	<b>\$ 140,683,443</b>

(Continued)

**CITY OF WAUKESHA, WISCONSIN**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**December 31, 2006**

Amounts reported for governmental activities in the statement of net assets are different because:

Fund balance from previous page:			\$ 22,968,005
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds			150,630,877
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements			
Special assessments	\$	207,813	
Other receivables		<u>61,502</u>	
			269,315
Internal service funds are reported in the statement of net assets as governmental funds			810,599
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.			
Long-term debt	\$	(85,432,424)	
Accrued interest		(1,036,690)	
Compensated absences		(6,252,021)	
Long-term disability payable		(611,735)	
(Premium)/discount on debt issued		<u>(965,556)</u>	
			(94,298,426)
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>			<u><u>\$ 80,380,370</u></u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF WAUKESHA, WISCONSIN**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2006**

	General	Debt Service- General	Debt Service - TIF Districts	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 33,261,449	\$ 6,590,014	\$ 1,594,868	\$ 1,584,414	\$ 43,030,745
Intergovernmental	7,992,554	24,627	44,002	1,416,591	9,477,774
Licenses and permits	1,608,726	-	-	432,924	2,041,650
Fines, forfeitures and penalties	716,198	-	-	47,783	763,981
Public charges for services	2,868,590	-	-	688,827	3,557,417
Interdepartment charges	1,000,739	-	-	62,798	1,063,537
Special assessments	-	-	3,477	196,976	200,453
Investment income	1,265,908	198,665	49,430	773,130	2,287,133
Miscellaneous	142,143	-	-	5,660,180	5,802,323
Total Revenues	48,856,307	6,813,306	1,691,777	10,863,623	68,225,013
<b>EXPENDITURES</b>					
Current					
General government	7,157,942	-	13,716	10,647	7,182,305
Public safety	24,785,263	-	-	20,128	24,805,391
Highways and streets	7,565,959	-	-	-	7,565,959
Sanitation	768,696	-	-	1,301,914	2,070,610
Culture and recreation	8,543,684	-	-	633,472	9,177,156
Conservation and development	-	-	-	273,192	273,192
Capital Outlay	-	-	-	14,076,164	14,076,164
Debt Service					
Principal retirement	-	3,882,981	940,000	-	4,822,981
Interest and fiscal charges	-	2,460,570	1,175,750	-	3,636,320
Total Expenditures	48,821,544	6,343,551	2,129,466	16,315,517	73,610,078
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,763	469,755	(437,689)	(5,451,894)	(5,385,065)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	-	9,920,043	-	10,819,957	20,740,000
Premium on bonds	-	127,848	8,845	94,383	231,076
Sale of City property	-	-	-	75,822	75,822
Payment to refunding escrow agent	-	(9,900,000)	-	-	(9,900,000)
Transfers in	847,609	-	30,975	450,914	1,329,498
Transfers out	(61,577)	(400,000)	(42,000)	(737,039)	(1,240,616)
Total Other Financing Sources (Uses)	786,032	(252,109)	(2,180)	10,704,037	11,235,780
<b>Net Changes in Fund Balances</b>	820,795	217,646	(439,869)	5,252,143	5,850,715
<b>FUND BALANCES - January 1</b>	4,766,203	805,065	507,134	11,038,888	17,117,290
<b>FUND BALANCES - December 31</b>	\$ 5,586,998	\$ 1,022,711	\$ 67,265	\$ 16,291,031	\$ 22,968,005

The notes to the basic financial statements are an integral part of this statement.



**CITY OF WAUKESHA, WISCONSIN**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Governmental Fund Balances**  
**to the Statement of Activities**  
**December 31, 2006**

---

Net change in fund balances - from previous page	\$ 5,850,715
--	--------------

Amounts reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expenses in the statement of activities.

Capital outlay is reported in governmental fund statements	\$ 15,176,557	
Depreciation reported in the government-wide statements	(9,230,788)	
Net book value of assets retired	<u>(398,682)</u>	5,547,087

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(10,807)
---	----------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt issued	\$ (20,740,000)	
Principal repaid	<u>14,722,981</u>	(6,017,019)

Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated absences	\$ (444,903)	
Long-term disability	21,048	
Accrued interest on debt	<u>(269,951)</u>	(693,806)

Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses). However, in the statement of net assets, these are deferred and reported as other assets. These are allocated over the period the debt is outstanding in the statement of activities and are reported as amortization expense.

Debt discount/premium and issuance costs	\$ (67,531)	
Amortization	<u>212,153</u>	144,622

Internal service funds are used by management to charge the costs of workers compensation, liability insurance, employee benefits, and motor equipment center costs to individual funds. The net revenue of the internal service funds is reported with governmental activities.

590,541

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 5,411,333</u>
--	---------------------

The notes to the basic financial statements are an integral part of this statement

**CITY OF WAUKESHA, WISCONSIN**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 33,308,650	\$ 33,308,650	\$ 33,261,449	\$ (47,201)
Intergovernmental	7,451,545	7,561,412	7,992,554	431,142
Licenses and permits	1,799,000	1,799,000	1,608,726	(190,274)
Fines, forfeitures and penalties	650,000	650,000	716,198	66,198
Public charges for services	3,056,120	3,056,120	2,868,590	(187,530)
Interdepartment charges	1,021,828	1,021,828	1,000,739	(21,089)
Investment income	600,000	600,000	1,265,908	665,908
Miscellaneous	96,354	103,654	142,143	38,489
Total Revenues	47,983,497	48,100,664	48,856,307	755,643
<b>EXPENDITURES</b>				
Current				
General government	7,241,317	7,321,338	7,157,942	163,396
Public safety	24,696,472	24,771,430	24,785,263	(13,833)
Highways and streets	7,648,118	7,648,118	7,565,959	82,159
Sanitation	766,380	768,575	768,696	(121)
Culture and recreation	8,463,391	8,461,196	8,543,684	(82,488)
Total Expenditures	48,815,678	48,970,657	48,821,544	149,113
Excess (deficiency) of Revenues Over (Under) Expenditures	(832,181)	(869,993)	34,763	904,756
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	917,181	917,181	847,609	(69,572)
Transfers out	(85,000)	(85,000)	(61,577)	23,423
Total Other Financing Sources (Uses)	832,181	832,181	786,032	(46,149)
<b>Net Changes in Fund Balance</b>	-	(37,812)	820,795	858,607
<b>FUND BALANCE - January 1</b>	4,766,203	4,766,203	4,766,203	-
<b>FUND BALANCE - December 31</b>	\$ 4,766,203	\$ 4,728,391	\$ 5,586,998	\$ 858,607

The notes to the basic financial statements are an integral part of this statement.

***THIS PAGE LEFT BLANK INTENTIONALLY***

**CITY OF WAUKESHA, WISCONSIN**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2006**

	Business-type Enterprise Funds			
	Water Utility	Wastewater Utility	Transit System Utility	Parking Utility
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 3,747,764	\$ 3,683,912	\$ -	\$ 182,103
Taxes receivable	-	-	-	-
Accounts receivable	2,784,193	59,910	-	-
Special assessments receivable	-	391,043	-	-
Due from other funds	-	1,461,626	1,555,823	-
Inventories	265,119	-	104,829	-
Prepaid items	41,405	-	47,129	-
Total Current Assets	6,838,481	5,596,491	1,707,781	182,103
Restricted Assets				
Improvement account	2,915,078	-	-	-
Revenue bond redemption	420,746	1,847,216	-	-
Revenue bond reserve	979,942	-	-	-
Depreciation	55	-	-	-
Equipment replacement	-	5,107,021	-	-
Interest receivable	-	74,258	-	-
Total Restricted Assets	4,315,821	7,028,495	-	-
Utility Plant				
Utility plant in service (at cost)	73,474,773	87,809,320	22,176,555	11,526,457
Construction work in progress	1,621,989	4,800	-	-
Total Utility Plant	75,096,762	87,814,120	22,176,555	11,526,457
Equipment	-	-	-	-
Less: Accumulated depreciation	(18,649,862)	(30,353,545)	(6,637,918)	(3,957,207)
Net Plant/Equipment	56,446,900	57,460,575	15,538,637	7,569,250
Other Assets				
Preliminary survey and investigation	53,742	-	-	-
Unamortized debt issuance costs	29,140	7,426	-	41,716
Long-Term receivable	-	627,976	-	-
Advance to other funds	-	1,839,687	-	-
Total Other Assets	82,882	2,475,089	-	41,716
Total Assets	67,684,084	72,560,650	17,246,418	7,793,069

Non-Major Prairie Home Cemetery	Totals Current Year	Governmental Activities - Internal Service Funds
\$ 302,498	\$ 7,916,277	\$ 1,409,168
-	-	100,000
258,504	3,102,607	65,671
-	391,043	-
69,754	3,087,203	-
916,805	1,286,753	12,794
-	88,534	50,560
1,547,561	15,872,417	1,638,193
-	2,915,078	-
-	2,267,962	-
-	979,942	-
-	55	-
-	5,107,021	-
-	74,258	-
-	11,344,316	-
686,858	195,673,963	-
-	1,626,789	-
686,858	197,300,752	-
-	-	285,481
(328,355)	(59,926,887)	(113,693)
358,503	137,373,865	171,788
-	53,742	-
25,354	103,636	-
-	627,976	-
-	1,839,687	-
25,354	2,625,041	-
1,931,418	167,215,639	1,809,981

**CITY OF WAUKESHA, WISCONSIN**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2006**

	Business-type Enterprise Funds			
	Water Utility	Wastewater Utility	Transit System Utility	Parking Utility
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	287,165	288,964	640,624	24,842
Accrued liabilities	74,079	8,463	32,299	2,753
Claims payable	-	-	-	-
Accrued interest	-	-	-	37,799
Current portion of long-term debt	-	186,825	-	292,126
Due to other funds	2,405,911	2,471	-	-
Unearned revenue	-	-	-	-
Compensated absences	74,727	409,916	154,217	56,205
Other current liabilities	151,724	-	566,329	-
Total Current Liabilities	2,993,606	896,639	1,393,469	413,725
Liabilities Payable from Restricted Assets				
Accrued interest	117,679	124,685	-	-
Current maturities of long-term debt	635,000	2,645,024	-	-
Total Liabilities Payable from Restricted Assets	752,679	2,769,709	-	-
Long-term Debt Net of Current Maturities				
Revenue bonds	9,740,000	11,765,120	-	-
Unamortized debt (discount)/premium	(37,692)	-	-	167,733
Deferred revenues	112,409	-	-	-
General obligation debt	-	875,268	-	3,473,340
Total Long-term Debt	9,814,717	12,640,388	-	3,641,073
Total Liabilities	13,561,002	16,306,736	1,393,469	4,054,798
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	50,033,752	42,288,606	15,538,637	3,837,124
Restricted For:				
Equipment replacement and debt service	2,583,200	4,258,786	-	-
Unpaid claims and restricted deposits	-	-	-	-
Unrestricted (Deficit)	1,506,130	9,706,522	314,312	(98,853)
<b>TOTAL NET ASSETS</b>	<b>\$54,123,082</b>	<b>\$56,253,914</b>	<b>\$15,852,949</b>	<b>\$3,738,271</b>

The notes to the basic financial statements are an integral part of this statement.

Non-Major Prairie Home Cemetery	Totals Current Year	Governmental Activities Internal Service Funds
123,790	1,365,385	1,006
-	117,594	938
-	-	832,480
9,429	47,228	-
32,209	511,160	-
784,230	3,192,612	9,887
279,906	279,906	134,418
46,629	741,694	20,653
-	718,053	-
1,276,193	6,973,632	999,382
-	242,364	-
-	3,280,024	-
-	3,522,388	-
-	21,505,120	-
17,354	147,395	-
-	112,409	-
681,087	5,029,695	-
698,441	26,794,619	-
1,974,634	37,290,639	999,382
358,503	112,056,622	171,788
-	6,841,986	-
-	-	570,079
(401,719)	11,026,392	68,732
\$ (43,216)	\$129,925,000	\$ 810,599

**CITY OF WAUKESHA, WISCONSIN**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended December 31, 2006**

	Business-type Enterprise Funds			
	Water Utility	Wastewater Utility	Transit System Utility	Parking Utility
<b>OPERATING REVENUES</b>				
Charges for services	\$ 6,542,908	\$ 8,475,135	\$ 1,599,493	\$ 208,545
Parking fines	-	-	-	325,687
Sales of crypts and niches	-	-	-	-
Sales of lots	-	-	-	-
Other revenue	323,082	655,895	133,955	1,203
Total Operating Revenues	6,865,990	9,131,030	1,733,448	535,435
<b>OPERATING EXPENSES</b>				
Operation and maintenance	3,752,072	5,819,214	8,387,404	527,108
Depreciation	1,285,879	2,518,178	1,104,902	273,466
Total Operating Expenses	5,037,951	8,337,392	9,492,306	800,574
Operating Income (Loss)	1,828,039	793,638	(7,758,858)	(265,139)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income (loss)	443,463	431,502	-	13,029
Miscellaneous	4,362	3,093	-	-
Interest and fiscal charges	(405,682)	(712,870)	-	(133,864)
General property taxes	-	-	885,484	-
Sale of capital assets	-	35,000	-	126
Reimbursement of operating loss	-	-	5,768,473	-
Total Nonoperating	42,143	(243,275)	6,653,957	(120,709)
Income (Loss) Before Transfers and Contributions	1,870,182	550,363	(1,104,901)	(385,848)
Transfers in	-	209,215	-	400,000
Transfers out - tax equivalent	(846,745)	-	-	-
Capital contributions	2,354,473	1,731,171	220,044	-
Capital contributions - municipality	-	-	246,662	-
	1,507,728	1,940,386	466,706	400,000
Changes in Net Assets	3,377,910	2,490,749	(638,195)	14,152
<b>TOTAL NET ASSETS - JANUARY 1</b>	50,745,172	53,987,370	16,491,144	3,724,119
<b>Prior Period Adjustment</b>	-	(224,205)	-	-
<b>TOTAL NET ASSETS - DECEMBER 31</b>	<u>\$54,123,082</u>	<u>\$56,253,914</u>	<u>\$15,852,949</u>	<u>\$ 3,738,271</u>

The notes to the basic financial statements are an integral part of this statement.



Nonmajor Prairie Home Cemetery	Totals Current Year	Governmental Activities - Internal Service Funds
\$ 202,526	\$ 17,028,607	\$ 10,791,670
-	325,687	-
133,947	133,947	-
51,420	51,420	-
-	1,114,135	268,584
387,893	18,653,796	11,060,254
535,124	19,020,922	10,977,049
31,769	5,214,194	28,945
566,893	24,235,116	11,005,994
(179,000)	(5,581,320)	54,260
-	887,994	-
-	7,455	-
(61,608)	(1,314,024)	-
-	885,484	500,000
-	35,126	-
-	5,768,473	-
(61,608)	6,270,508	500,000
(240,608)	689,188	554,260
112,367	721,582	36,281
-	(846,745)	-
-	4,305,688	-
-	246,662	-
112,367	4,427,187	36,281
(128,241)	5,116,375	590,541
76,690	125,024,495	220,058
8,335	(215,870)	-
\$ (43,216)	\$129,925,000	\$ 810,599

**CITY OF WAUKESHA, WISCONSIN**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2006**

	Business-type Enterprise Funds			
	Water Utility	Wastewater Utility	Transit System Utility	Parking Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 6,790,634	\$ 9,282,510	\$ 1,962,928	\$ 535,435
Cash received from interfund services provided	-	-	-	-
Cash paid to suppliers for goods and services	(1,783,019)	(3,063,988)	(5,953,153)	(183,453)
Cash payments to employees	(1,791,724)	(2,693,525)	(2,276,146)	(357,739)
Net Cash Flows From Operating Activities	3,215,891	3,524,997	(6,266,371)	(5,757)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
General property taxes	-	-	885,484	-
Operating grants received	-	-	5,967,789	-
Repayments of advances	-	41,553	-	-
Collection of long-term receivables	-	215,693	-	-
Tax equivalent paid	(889,277)	-	-	-
Transfers in	-	209,215	-	400,000
Net Cash Flows From Non-Capital Financing Activities	(889,277)	466,461	6,853,273	400,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income (loss)	443,463	419,559	-	13,029
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt issued	7,946,926	-	-	-
Principal payments	(685,000)	(2,719,406)	-	(306,835)
Interest paid	(305,866)	(731,454)	-	(145,445)
Capital paid to other funds	-	-	(699,151)	-
Capital contributions	566,046	458,641	631,904	-
Sale of capital assets	-	35,000	-	126
Acquisition and construction of capital assets	(6,427,843)	(843,113)	(519,655)	-
Net Cash Flows From Capital and Financing Activities	1,094,263	(3,800,332)	(586,902)	(452,154)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	3,864,340	610,685	-	(44,882)
<b>CASH AND CASH EQUIVALENTS - January 1</b>	4,199,245	10,027,464	-	226,985
<b>CASH AND CASH EQUIVALENTS - December 31</b>	\$ 8,063,585	\$ 10,638,149	\$ -	\$ 182,103

Nonmajor Prairie Home Cemetery	Totals Current Year	Governmental Activities - Internal Service Funds
\$ 339,646	\$ 18,911,153	\$ -
-	-	11,101,317
56,046	(10,927,567)	(10,831,999)
(366,081)	(7,485,215)	(43,037)
29,611	498,371	226,281
-	885,484	500,000
-	5,967,789	-
-	41,553	-
-	215,693	-
-	(889,277)	-
112,367	721,582	36,281
112,367	6,942,824	536,281
-	876,051	-
-	7,946,926	-
(32,109)	(3,743,350)	-
(61,880)	(1,244,645)	-
-	(699,151)	-
-	1,656,591	-
-	35,126	-
(5,968)	(7,796,579)	(47,988)
(99,957)	(3,845,082)	(47,988)
42,021	4,472,164	714,574
260,477	14,714,171	694,594
\$ 302,498	\$ 19,186,335	\$ 1,409,168

**CITY OF WAUKESHA, WISCONSIN**  
**Statement of Cash Flows**  
**Proprietary Funds (Continued)**  
**Year Ended December 31, 2006**

**Business - Type Enterprise Funds**

Water Utility	Wastewater Utility	Transit System Utility	Parking Utility
------------------	-----------------------	------------------------------	--------------------

**RECONCILIATION OF OPERATING INCOME (LOSS) TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income (loss)	\$ 1,828,039	\$ 793,638	\$ (7,758,858)	\$ (265,139)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Nonoperating income				
Miscellaneous	-	3,093	-	-
Depreciation	1,285,879	2,518,178	1,104,902	273,466
Depreciation charged to clearing	190,398	-	-	-
Income from merchandising and jobbing	4,362	-	-	-
Changes in Assets and Liabilities				
Accounts receivable	(79,718)	9,328	229,480	-
Due from other funds	-	142,152	-	-
Inventories	(24,386)	-	25,658	-
Prepaid items	63,485	-	(1,070)	-
Deferred debits	18,351	-	-	-
Accounts payable	25,565	31,152	585,429	600
Deferred revenue	-	-	-	-
Due to other funds	(142,152)	2,471	(486,877)	-
Accrued liabilities	(2,612)	24,985	(7,444)	(14,684)
Other current liabilities	48,680	-	42,409	-

**NET CASH FLOWS FROM  
OPERATING ACTIVITIES**

\$ 3,215,891	\$ 3,524,997	\$ (6,266,371)	\$ (5,757)
--------------	--------------	----------------	------------

**RECONCILIATION OF CASH AND CASH EQUIVALENTS  
TO THE STATEMENT OF NET ASSETS -  
PROPRIETARY FUNDS**

Cash and investments	\$ 3,747,764	\$ 3,683,912	\$ -	\$ 182,103
Restricted cash and investments	4,315,821	6,954,237	-	-

**CASH AND CASH EQUIVALENTS END OF YEAR**

\$ 8,063,585	\$ 10,638,149	\$ -	\$ 182,103
--------------	---------------	------	------------

**NONCASH INVESTING, CAPITAL AND FINANCING  
ACTIVITIES**

Contributed property and equipment	\$ 1,788,427	\$ 1,382,555	\$ -	\$ -
------------------------------------	--------------	--------------	------	------

The notes to the basic financial statements are an integral part of this statement.

Non-Major Prairie Home Cemetery	Totals Current Year	Governmental Activities - Internal Service Funds
\$ (179,000)	\$ (5,581,320)	\$ 54,260
-	3,093	-
31,769	5,214,194	28,945
-	190,398	-
-	4,362	-
1,478	160,568	3,708
(69,754)	72,398	-
58,536	59,808	2,471
-	62,415	(40,238)
-	18,351	-
16,722	659,468	(714)
20,029	20,029	34,418
152,029	(474,529)	2,937
(2,198)	(1,953)	72
-	91,089	140,422
\$ 29,611	\$ 498,371	\$ 226,281
\$ 302,498	\$ 7,916,277	\$ 1,409,168
-	11,270,058	-
\$ 302,498	\$ 19,186,335	\$ 1,409,168
\$ -	\$ 3,170,982	\$ -

**CITY OF WAUKESHA, WISCONSIN**  
**Statement of Net Assets**  
**Component Units**  
**December 31, 2006**

	Housing Authority	Business Improvement District	Totals
<b>ASSETS</b>			
Cash and investments	\$ 1,505,642	\$ 154,852	\$ 1,660,494
Receivables			
Accounts	161,680	-	161,680
Special assessments	-	108,525	108,525
Accrued interest	15,789	-	15,789
Prepaid items	31,459	-	31,459
Restricted Assets			
Cash and investments	590,653	-	590,653
Capital Assets			
Land	1,875,378	-	1,875,378
Other capital assets, net of depreciation	6,596,655	-	6,596,655
<b>Total Assets</b>	<b>10,777,256</b>	<b>263,377</b>	<b>11,040,633</b>
<b>LIABILITIES</b>			
Accounts payable	17,169	-	17,169
Accrued liabilities	60,285	-	60,285
Due to other governmental units	78,759	-	78,759
Deferred revenue	2,965	138,644	141,609
Deposits	61,859	-	61,859
Liabilities paid from restricted assets			
Tenant deposits	40,653	-	40,653
<b>Total Liabilities</b>	<b>261,690</b>	<b>138,644</b>	<b>400,334</b>
<b>NET ASSETS</b>			
Invested in capital assets net of related debt	8,472,033	-	8,472,033
Restricted	550,000	-	550,000
Unrestricted	1,493,533	124,733	1,618,266
<b>TOTAL NET ASSETS</b>	<b>\$ 10,515,566</b>	<b>\$ 124,733</b>	<b>\$ 10,640,299</b>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF WAUKESHA, WISCONSIN**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Component Units**  
**Year Ended December 31, 2006**

	Housing Authority	Business Improvement District	Totals
<b>OPERATING REVENUES</b>			
Special assessments	\$ -	\$ 142,172	\$ 142,172
Charges for services	1,009,080	-	1,009,080
Grants and donations	-	29,860	29,860
Miscellaneous	6,690	20,320	27,010
Total Operating Revenues	1,015,770	192,352	1,208,122
<b>OPERATING EXPENSES</b>			
Operation and maintenance	5,308,223	176,359	5,484,582
Depreciation	459,158	-	459,158
Total Operating Expenses	5,767,381	176,359	5,943,740
Operating Income (Loss)	(4,751,611)	15,993	(4,735,618)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	57,103	2,455	59,558
Interest expense	-	(443)	(443)
Intergovernmental grants	4,357,434	-	4,357,434
Transfer from City of Waukesha	-	39,435	39,435
Miscellaneous revenues	85,610	245	85,855
Total Nonoperating Revenue (Expenses)	4,500,147	41,692	4,541,839
<b>Changes in Net Assets</b>	(251,464)	57,685	(193,779)
<b>NET ASSETS - JANUARY 1</b>	10,767,030	67,048	10,834,078
<b>NET ASSETS - DECEMBER 31</b>	\$ 10,515,566	\$ 124,733	\$ 10,640,299

The notes to the financial statements are an integral part of this statement.

***THIS PAGE LEFT BLANK INTENTIONALLY***



# CITY OF WAUKESHA, WISCONSIN

## INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2006

NOTE	<u>Page</u>
A. Summary of Significant Accounting Policies	42
1. The Financial Reporting Entity	42
2. Individual Component Unit Disclosures	42
3. Government-wide and Fund Financial Statements	43 - 44
4. Measurement Focus and Basis of Accounting	44 - 45
5. Assets, Liabilities and Net Assets or Equity	45
a. Cash and Investments	45
b. Receivables	45
c. Interfund Receivables and Payables	45
d. Restricted Assets	46
e. Inventories	46
f. Prepaid Items	46
g. Capital Assets	46
h. Other Assets	47
i. Other Deferred Debits	47
j. Compensated Absences	47
k. Deferred Revenue	47
l. Long-term Obligations	47
m. Fund Equity	48
6. Use of Estimates	48
B. Stewardship and Compliance	
1. Budgets and Budgetary Accounting	48 - 49
2. Excess of Expenditures Over Budget Appropriations	49
3. Deficit Fund Equity	49
C. Detailed Notes on All Funds	
1. Cash and Investments	50 - 53
2. Property Taxes	53
3. Restricted Assets	53
4. Capital Assets	54 - 55
5. Interfund Receivables, Payables, and Transfers	56 - 57
6. Deferred Revenues	57
7. Long-term Obligations	58 - 62
8. Conduit Debt Obligations	62
9. Fund Equity	62 - 63
10. Prior Period Adjustments	63
11. Component Units	64
a. Basis of Accounting/Measurement Focus	64
b. Deposits and Investments	64
c. Capital Assets	64
d. Employee Retirement System	65
e. Short-term Credit Arrangement	65
f. Basis of Accounting/Measurement Focus	65
g. Deposits and Investments	65
D. Other Information	
1. Retirement Commitments	66
2. Risk Management	66 - 68
3. Property Tax Levy Limit	68
4. Contingencies	68 - 69
5. Subsequent Events	69

***THIS PAGE LEFT BLANK INTENTIONALLY***

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Waukesha, Wisconsin ("the City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

**1. The Financial Reporting Entity**

The City of Waukesha is a municipal corporation governed by an elected fifteen-member council. Included in the City's operations (the primary government) is the City's Water Utility and Transit Commission which are City departments managed by separate commissions appointed by the City Council. In accordance with GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City's Redevelopment Authority (RDA) is governed by a board appointed by the City Council. Operating activities of the RDA are reported in the City's general fund.

**2. Individual Component Unit Disclosures**

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization, or (b) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Included within the reporting entity:

**Waukesha Housing Authority (Housing Authority)**

The Housing Authority is a discretely presented component unit with a separate board appointed by the mayor and City Council. The Housing Authority was established for the purpose of engaging in the development, acquisition, and administrative activities of low-income housing programs and other programs with similar objectives. The Housing Authority has its own independent budgetary authority and borrowing capabilities. However, the City can impose its will on the Housing Authority and the Housing Authority can create a potential financial benefit or burden on the City. The Housing Authority financial information is presented for the fiscal year ended September 30, 2006. Separate financial statements for the Housing Authority can be obtained from its office at 120 Corina Blvd., Waukesha, Wisconsin 53186.

**Business Improvement District (BID)**

The BID, created under the provisions of Wisconsin Statute Section 66.1109, is a discretely presented component unit with a separate board appointed and approved by the City Council. The purpose of the BID is to allow businesses within the district boundaries to develop, manage, and promote the district and to establish an assessment method to finance these activities. The BID has its own independent budgetary authority and borrowing capabilities. However, the City can impose its will on the BID. The BID financial information is presented for the fiscal year ended December 31, 2006. Separate financial statements for the BID can be obtained from its office at 913 Clinton Street, Waukesha, Wisconsin 53186.

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, permanent, debt service and capital projects funds. Proprietary funds include enterprise funds and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

**GENERAL FUND**

This is the City's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**DEBT SERVICE FUND**

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds other than TIF Districts.

**DEBT SERVICE FUND - TIF DISTRICTS**

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the City's TIF Districts.

The City reports the following major enterprise funds:

**WATER UTILITY**

This fund accounts for transactions relating to the provision of water service to utility customers.

**WASTEWATER UTILITY**

This fund accounts for transactions relating to the provision of sewage collection and treatment service to utility customers.

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**TRANSIT SYSTEM UTILITY**

This fund accounts for transactions relating to the operation mass transit services to the City and surrounding areas.

**PARKING UTILITY**

This fund accounts for transactions relating to the operation and maintenance of the City's parking facilities.

Additionally, the government reports the following fund types:

*Internal service funds* account for dental, life, vision, health and property insurance and printing services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

**4. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, City ordinance forfeitures, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following certain subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

**5. Assets, Liabilities and Net Assets or Equity**

**a. Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

**b. Receivables**

Accounts receivable have been shown net of allowance for uncollectible accounts of \$377,932.

Loans receivable represent the balance of loans made by the City to businesses or individuals from the proceeds of federal and state grants. The loans receivable balance is offset with a reserved fund balance to indicate that they are not available resources.

**c. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation. Long-term interfund loans are reported as "advances from other funds."

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental and business-type activities.

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Restricted Assets

Mandatory segregation of assets is presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

e. Inventories

Inventories of governmental funds are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

Inventories of proprietary funds are valued at cost based on weighted average method. The cost is charged to construction or expense at the time the individual inventory items are used.

f. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

g. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-type Activities
	Years	
<u>Assets</u>		
Land improvements	20	20
Buildings	20 - 70	20 - 70
Improvements other than buildings	20	-
Machinery and equipment	2 - 20	2 - 20
Infrastructure	25 - 70	15 - 120

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

h. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

i. Other Deferred Debits

Advances made by water utility customers through the main advance certificate rule and main advance free limit rule are included in this account and may be refundable if connection to the system or annexation to the municipality occurs on specific properties during specific time periods.

j. Compensated Absences

It is the City's policy to permit non-represented employees to accumulate earned but unused vacation leave. All employees may accumulate sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements and are payable with expendable available resources.

Employees may convert a number of days of accumulated sick leave to pay for health care premiums. The cost is paid by the City. Funding for those costs is provided out of the current operating budget of the City in full upon retirement and transferred to the sick leave conversion special revenue fund. The annual costs of the benefits used are transferred from the sick leave conversion special revenue fund to the internal service fund. Total expenditures for such costs during the year for non-police and fire employees were \$33,088. The total amount outstanding for all employees at year-end to be paid in the future is \$98,811 and is included in the government-wide statement of net assets.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2006 are determined on the basis of current salary rates and include salary related payments.

k. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

l. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

m. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets - Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**NOTE B - STEWARDSHIP AND COMPLIANCE**

1. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During October, City management submits to the City Council a proposed operating and capital budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, select special revenue funds, select debt service funds, and select capital projects funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

**CITY OF WAUKESHA, WISCONSIN**

**Notes to Basic Financial Statements**

**December 31, 2006**

**NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)**

- c. During the year, formal budgetary integration is employed as a management control device for the general fund, select special revenue funds, debt service funds, and select capital projects funds.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2006.

**2. Excess of Expenditures Over Budget Appropriations**

The following expenditure accounts of the CDBG grant special revenue fund had actual expenditures in excess of budget appropriations for the year ended December 31, 2006 as follows:

Fund	Function	Excess Expenditures
Special Revenue Fund		
Garbage Collection	Sanitation	\$ 13,543

The above excess expenditures were funded using available fund balance.

**3. Deficit Fund Equity**

The following funds had deficit fund equity as of December 31, 2006:

Fund	Deficit Fund Equity
Cable TV franchise fees special revenue fund	\$ 43,536

The City anticipates funding the above deficits from future revenues of the funds.

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS**

1. Cash and Investments

Invested cash consists of deposits and investments for general government purposes are restricted by Wisconsin Statutes to the following: Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investment of cemetery perpetual care funds and library trust funds are regulated by separate Wisconsin Statutes which allow the acquisition of stocks, bonds and debentures which cannot be acquired for general government purposes.

The carrying amount of the City's cash and investments totaled \$99,282,305 on December 31, 2006 as summarized below:

Petty cash funds	\$ 8,130
Deposits with financial institutions	55,411,669
Investments	43,862,506
	<u>\$ 99,282,305</u>

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 88,012,247
Restricted cash and investments	11,270,058
	<u>\$ 99,282,305</u>

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the specific risks and the City's policy related to the risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit policy.

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2006, \$5,285,341 of the City's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the City's name).

On December 31, 2006, the City held repurchase agreement investments of \$11,231,203 of which the underlying securities are held by the investment's counterparty, not in the name of the City.

**CITY OF WAUKESHA, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of year end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	AA	A	Not Rated
U.S. Treasury notes	\$ 3,821,433	\$ 3,821,433	\$ -	\$ -	\$ -	\$ -
Federal National Mortgage	1,325,721	-	1,325,721	-	-	-
Federal Home Loan Bank	358,270	-	358,270	-	-	-
Federal Home Loan Mort.	1,054,356	-	1,054,356	-	-	-
Corporate obligations	126,484	-	-	25,490	75,878	25,116
Mutual funds	2,217,060	-	-	-	-	2,217,060
Common stock	1,210,994	-	-	-	-	1,210,994
Wisconsin local government investment pool	16,950,224	-	-	-	-	16,950,224
Totals	27,064,542	\$ 3,821,433	\$ 2,738,347	\$ 25,490	\$ 75,878	\$ 20,403,394
Repurchase agreements	16,797,964					
Total Investments	<u>\$ 43,862,506</u>					

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
--------	-----------------	--------------------

None.

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages its exposure to interest rate risk by limiting maturities of certificates of deposit to be one year or less unless this type of instrument is used for the long-term portion of the portfolio, which will then require the term length to comply with State Statute 66.02(2). Additionally, maturities of obligations of the US government and its agencies in excess of one year shall be limited to 10% of the portfolio unless this type of instrument is used for the long-term portion of the portfolio, which will then require the term length to comply with State Statute 66.04(2).

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. treasury notes	\$ 3,821,433	\$ 567,096	\$ 3,254,337	\$ -	\$ -
Federal National Mortgage	1,325,721	24,836	1,300,885	-	-
Federal Home Loan Bank	358,270	358,270	-	-	-
Federal Home Loan Mortgage	1,054,356	59,962	994,394	-	-
Corporate obligations	126,484	25,211	50,369	50,904	-
Repurchase agreements	16,797,964	16,797,964	-	-	-
Wisconsin local government investment pool	16,950,224	16,950,224	-	-	-
Totals	40,434,452	\$ 34,783,563	\$ 5,599,985	\$ 50,904	\$ -
Mutual funds	2,217,060				
Common stock	1,210,994				
	<u>\$ 43,862,506</u>				

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates	<u>\$ 2,738,347</u>

# CITY OF WAUKESHA, WISCONSIN

## Notes to Basic Financial Statements

December 31, 2006

### NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

#### Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$16,950,224 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2006, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

Investments in the Wisconsin Local Government Investment Pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund insurance, and income on the investment during the calendar quarter a loss occurs.

#### 2. Property Taxes

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the City.

The City bills and collects its own property taxes and also levies and collects taxes for the Waukesha School District, Waukesha County, Waukesha County Area Technical College and the State of Wisconsin.

#### 3. Restricted Assets

Restricted assets on December 31, 2006 totaled \$11,344,316 and consisted of cash and investments of \$11,270,058 and accrued interest receivable of \$74,258 held for the following purposes:

Water Utility	
Improvement account	\$ 2,915,078
Revenue bond redemption	420,746
Revenue bond reserve	979,942
Depreciation fund	55
Wastewater Utility	
Revenue bond redemption	1,847,216
Equipment replacement fund	5,107,021
Accrued interest	74,258
Total Restricted Assets	<u>\$ 11,344,316</u>

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

4. Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 23,815,002	\$ 1,028,032	\$ 288,075	\$ 24,554,959
Construction in progress	2,115,226	4,679,990	477,424	6,317,792
Total capital assets, not being depreciated	25,930,228	5,708,022	765,499	30,872,751
Capital assets, being depreciated:				
Buildings	42,678,437	823,374	-	43,501,811
Improvements other than buildings	3,652,809	107,768	-	3,760,577
Machinery and equipment	30,631,712	2,138,574	668,771	32,101,515
Infrastructure	125,495,032	14,826,910	454,309	139,867,633
Subtotals	202,457,990	17,896,626	1,123,080	219,231,536
Less accumulated depreciation for:				
Buildings	11,827,123	907,404	-	12,734,527
Improvements other than building	1,565,202	154,331	-	1,719,533
Machinery and equipment	17,634,337	2,542,683	624,477	19,552,543
Infrastructure	60,027,700	5,655,315	387,996	65,295,019
Subtotals	91,054,362	9,259,733	1,012,473	99,301,622
Total capital assets, being depreciated, net	111,403,628	8,636,893	110,607	119,929,914
Governmental activities capital assets, net	\$ 137,333,856	\$ 14,344,915	\$ 876,106	150,802,665
Less related long-term debt outstanding				66,816,568
Invested in capital assets, net of related debt				\$ 83,986,097

(Continued)

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,848,496	\$ 2,055	\$ -	\$ 2,850,551
Construction in progress	2,376,670	1,621,989	2,371,870	1,626,789
Total capital assets, not being depreciated	5,225,166	1,624,044	2,371,870	4,477,340
Capital assets, being depreciated:				
Buildings and improvements	70,415,410	3,098,847	118,376	73,395,881
Machinery and equipment	37,449,036	3,472,396	932,677	39,988,755
Infrastructure	74,794,403	4,677,035	32,662	79,438,776
Subtotals	182,658,849	11,248,278	1,083,715	192,823,412
Less accumulated depreciation for:				
Water Utility	17,527,699	1,469,562	347,399	18,649,862
Wastewater Utility	28,351,899	2,541,872	540,226	30,353,545
Transit System Utility	5,731,178	1,104,902	198,162	6,637,918
Parking Utility	3,689,018	273,466	5,277	3,957,207
Cemetery	312,045	31,768	15,458	328,355
Subtotals	55,611,839	5,421,570	1,106,522	59,926,887
Total capital assets, being depreciated, net	127,047,010	5,826,708	(22,807)	132,896,525
Business-type activities capital assets, net	<u>\$ 132,272,176</u>	<u>\$ 7,450,752</u>	<u>\$ 2,349,063</u>	137,373,865
Less related long-term debt outstanding				(25,384,075)
Plus unamortized debt issuance costs and unamortized loss on advance refunding				<u>66,832</u>
Invested in capital assets, net of related debt				<u><u>\$ 112,056,622</u></u>
Depreciation expense was charged to functions of the City as follows:				
<b>Governmental activities</b>				
General government			\$	845,534
Public safety				1,007,376
Public works, including depreciation of infrastructure assets				6,248,087
Culture and recreation				1,154,054
Conservation and development				4,682
Total depreciation expense - governmental activities			<u>\$</u>	<u>9,259,733</u>
<b>Business-type activities</b>				
Water Utility			\$	1,476,277
Wastewater Utility				2,518,178
Transit System Utility				1,104,902
Parking Utility				273,466
Cemetery				31,769
Total depreciation expense - business-type activities			<u>\$</u>	<u>5,404,592</u>



**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

5. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2006 are detailed below:

	Interfund Receivables	Interfund Payables
General Fund	\$ 1,612,075	\$ 898,891
Special Revenue Funds		
Community Development Block Grant	-	93,089
Garbage Collection	-	12,327
Cemetery Trust Fund C	-	627
Cable TV franchise fees	-	40,731
Tourism Bureau	-	1,446
Debt Service Fund - TIF Districts	-	322,500
Capital Project Fund		
TIF Districts	-	85,618
Permanent Funds		
Cemetery Lot Maintenance	16,629	58,163
Cemetery Specific Endowment	10,980	6,943
Cemetery Trust Fund K	-	4,021
H. B. Mills Recreation	-	32
Enterprise Funds		
Water Utility	-	2,405,911
Wastewater Utility	1,461,626	2,471
Transit System Utility	1,555,823	-
Prairie Home Cemetery	69,754	784,230
Internal Service Funds		
Dental/Life/Vision Insurance	-	9,887
Totals	<u>\$ 4,726,887</u>	<u>\$ 4,726,887</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

A long-term advance exists between the following nonmajor governmental fund and proprietary fund as of December 31, 2006. The advance has no repayment schedule.

	Advance Receivable	Advance Payable
Wastewater Utility	\$ 1,839,687	\$ -
Nonmajor Governmental Fund		
Fleet replacement capital projects fund	-	1,839,687
Totals	<u>\$ 1,839,687</u>	<u>\$ 1,839,687</u>

**CITY OF WAUKESHA, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Interfund transfers for the year ended December 31, 2006 were as follows:

Transfers to:								
General Fund	Debt Service Fund - TIF Districts	Nonmajor Govern- mental Funds	Waste- water Utility	Parking Utility	Nonmajor Enterprise Funds	Internal Service Fund	Total	
Transfers from:								
General fund	\$ -	\$ -	\$ 25,296	\$ -	\$ -	\$ -	\$ 36,281	\$ 61,577
Debt service - general	-	-	-	-	400,000	-	-	400,000
Debt service - TIF District	-	-	42,000	-	-	-	-	42,000
Nonmajor governmental funds	864	30,975	383,618	209,215	-	112,367	-	737,039
Water utility enterprise fund	846,745	-	-	-	-	-	-	846,745
	\$ 847,609	\$ 30,975	\$ 450,914	\$ 209,215	\$ 400,000	\$ 112,367	\$ 36,281	\$ 2,087,361

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

**6. Deferred Revenues**

Governmental activities and governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue were as follows:

	Unavailable	Unearned
Subsequent year tax levy receivable		
General fund	\$ -	\$ 34,248,773
Debt service fund - general	-	7,288,576
Debt service fund - TIF Districts	-	1,820,530
Nonmajor governmental funds	-	1,568,593
Health Insurance internal service fund	-	100,000
Special assessments		
General fund	30,718	-
Debt service fund - TIF Districts	6,042	-
Nonmajor governmental funds	171,053	-
Grant draw downs prior to meeting all eligibility requirements		
Nonmajor governmental funds	-	340,687
Receivables		
General fund	11,914	-
Nonmajor governmental funds	15,170	-
Health Insurance internal service fund	34,418	-
Revenues received in advance		
General fund	-	14,455
Nonmajor governmental funds	-	3,074,949
Totals	<u>\$ 269,315</u>	<u>\$ 48,456,563</u>

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2006:

	Outstanding 1/1/06	Issued	Retired	Outstanding 12/31/06	Due Within One Year
<b>Governmental activities:</b>					
General obligation debt	\$ 67,784,859	\$ 15,875,000	\$ 4,822,981	\$ 78,836,878	\$ 5,598,804
Bond and note anticipation notes	10,775,000	4,865,000	9,900,000	5,740,000	5,740,000
Promissory note	855,546	-	-	855,546	-
Unamortized premium	1,154,847	208,481	226,171	1,137,157	-
Long-term disability	632,783	-	21,048	611,735	40,000
Compensated absences	5,807,118	504,273	59,370	6,252,021	372,512
Governmental activities Long-term obligations	<u>\$ 87,010,153</u>	<u>\$ 21,452,754</u>	<u>\$ 15,029,570</u>	<u>\$ 93,433,337</u>	<u>\$ 11,751,316</u>
<b>Business-type activities:</b>					
General obligation debt	\$ 6,061,023	\$ -	\$ 520,168	\$ 5,540,855	\$ 511,160
Revenue bonds	20,141,315	7,865,000	3,221,171	24,785,144	3,280,024
Business-type activities Long-term obligations	<u>\$ 26,202,338</u>	<u>\$ 7,865,000</u>	<u>\$ 3,741,339</u>	<u>\$ 30,325,999</u>	<u>\$ 3,791,184</u>

Total interest paid during the year on long-term debt totaled \$4,385,655.

# CITY OF WAUKESHA, WISCONSIN

## Notes to Basic Financial Statements

December 31, 2006

### NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

#### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

\$4,435,000 issued 05/01/98; \$645,000 due in 2007; interest 4.50%	\$ 645,000
\$2,025,000 issued 05/01/98; \$140,000 due in 2007 and \$150,000 due in 2008; interest 4.50% to 5.25%	290,000
\$2,525,000 issued 05/15/99; \$320,000 due in 2007 and \$335,000 in 2008; interest 3.40% to 4.15%	655,000
\$3,560,000 issued 05/15/99; \$165,000 due in 2007; interest 4.30%	165,000
\$362,804 issued 11/02/99; \$33,509 due annually through 2008; interest 0.00%	67,018
\$679,119 issued 01/01/01; \$76,121 to \$82,650 due annually through 2009; interest 4.20%	238,089
\$12,935,000 issued 03/15/01; \$140,000 to \$940,000 due annually through 2017; interest 4.125% to 5.00%	8,415,000
\$6,715,000 issued 06/01/01; \$305,000 to \$1,480,000 due annually through 2010; interest 4.125% to 5.00%	4,635,000
\$1,520,000 issued 06/01/01; \$175,000 to \$200,000 due annually through 2010; interest 4.125% to 5.10%	750,000
\$4,425,000 issued 06/01/01; \$75,000 to \$465,000 due annually through 2020; interest 4.125% to 5.10%	4,335,000
\$4,835,000 issued 06/01/02; \$500,000 to \$1,000,000 due annually through 2011; interest 3.00% to 4.125%	3,285,000
\$900,000 issued 03/01/03; \$95,000 to \$115,000 due annually through 2012; interest 2.50% to 4.00%	635,000
\$2,175,000 issued 07/01/03; \$210,000 to \$215,000 due annually through 2009; interest 2.00% to 2.50%	640,000
\$3,085,000 issued 10/01/03; \$285,000 to \$415,000 due annually through 2013; interest 2.00% to 3.75%	2,280,000
\$4,920,885 issued 01/28/04; \$175,333 to \$397,419 due annually through 2023; interest 5.25%	4,627,626
\$21,925,000 issued 02/15/04; \$510,000 to \$2,425,000 due annually through 2019; interest 2.00% to 5.00%	19,350,000
\$1,215,000 issued 07/01/04; \$205,000 to \$225,000 due annually through 2010; interest 2.00% to 4.00%	845,000
\$2,750,000 issued 07/01/04; \$270,000 to \$355,000 due annually through 2014; interest 3.00% to 4.20%	2,485,000
\$3,500,000 issued 12/15/04; \$150,000 to \$485,000 due annually 2007 through 2018; interest 3.00% to 4.10%	3,500,000
\$4,220,000 issued 4/1/05; \$35,000 to \$605,000 due annually through 2021; interest 3.00% to 5.00%	4,190,000
\$4,770,000 issued 5/1/05; \$325,000 to \$835,000 due annually through 2014; interest 3.00% to 4.00%	4,770,000
\$1,700,000 issued 5/1/05; \$100,000 to \$165,000 due annually 2011 through 2023; interest 3.625% to 4.375%	1,700,000
\$8,900,000 issued 3/15/06; \$480,000 to \$820,000 due annually 2008 through 2021; interest 4.00% to 4.25%	8,900,000
\$6,975,000 issued 6/30/06; \$390,000 to \$1,100,000 due annually 2008 through 2015; interest 4.00% to 4.50%	6,975,000
Total Outstanding General Obligation Debt	<u>\$ 84,377,733</u>

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Annual principal and interest maturities of the outstanding general obligation debt of \$84,377,733 on December 31, 2006 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 5,598,804	\$ 3,413,945	\$ 511,160	\$ 228,294	\$ 6,109,964	\$ 3,642,239
2008	6,610,629	3,123,773	501,096	212,120	7,111,725	3,335,893
2009	6,889,845	2,871,765	516,997	195,300	7,406,842	3,067,065
2010	7,141,498	2,602,353	532,889	177,436	7,674,387	2,779,789
2011	7,611,289	2,305,701	343,829	157,294	7,955,118	2,462,995
2012-2016	30,701,342	7,092,406	1,924,960	556,978	32,626,302	7,649,384
2017-2021	13,251,291	1,774,255	1,142,089	127,028	14,393,380	1,901,283
2022-2023	1,032,180	77,563	67,835	5,388	1,100,015	82,951
	<u>\$ 78,836,878</u>	<u>\$ 23,261,761</u>	<u>\$ 5,540,855</u>	<u>\$ 1,659,838</u>	<u>\$ 84,377,733</u>	<u>\$ 24,921,599</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2006 was \$202,556,823 as follows:

Equalized valuation of the City	\$5,716,891,600
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	285,844,580
Total outstanding general obligation debt applicable to debt limitation	\$ 84,377,733
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>1,089,976</u>
Net outstanding general obligation debt applicable to debt limitation	83,287,757
Legal Margin for New Debt	<u>\$ 202,556,823</u>

Anticipation notes currently outstanding are detailed as follows:

	Outstanding 12/31/06
\$1,875,000 issued 07/01/04; \$1,875,000 due 2007; interest rate 3.375%	\$ 1,875,000
\$3,865,000 issued 06/30/06; \$3,865,000 due 2007; interest rate 4.50%	<u>3,865,000</u>
Total Outstanding Bond and Note Anticipation Notes	<u>\$ 5,740,000</u>

Annual principal and interest maturities of the outstanding bond anticipation notes of \$5,740,000 on December 31, 2006 are as detailed below:

Due	Totals	
	Principal	Interest
2007	<u>\$ 5,740,000</u>	<u>\$ 238,173</u>

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Enterprise Fund Revenue Bonds

Revenue bond debt service requirements are financed by income derived from the acquired or constructed assets of the enterprise funds.

Detail of outstanding enterprise fund revenue bonds totaling \$24,785,144 on December 31, 2006 follows:

	Outstanding 12/31/06
<u>Water Utility</u>	
\$4,405,000 issued 06/15/01; \$230,000 to \$685,000 due annually through 2015; interest 4.00% to 4.88%	\$ 2,510,000
\$7,865,000 issued 4/15/06; \$270,000 to \$530,000 due annually through 2026; interest 4.00% to 5.00%	7,865,000
<u>Wastewater Utility</u>	
\$40,531,133 issued 03/08/99; \$2,758,548 to \$3,129,202 due annually through 2011; interest 4.29%	14,410,144
	\$ 24,785,144

Annual principal and interest maturities of the above outstanding enterprise fund debt of \$24,785,144 on December 31, 2006 are shown below:

Due	Principal	Interest	Total
2007	\$ 3,280,024	\$ 1,032,436	\$ 4,312,460
2008	3,418,549	891,075	4,309,624
2009	3,561,945	743,268	4,305,213
2010	3,715,424	588,864	4,304,288
2011	3,674,202	427,553	4,101,755
2012-2016	2,795,000	1,412,325	4,207,325
2017-2021	1,925,000	867,025	2,792,025
2022-2026	2,415,000	370,100	2,785,100
	\$ 24,785,144	\$ 6,332,646	\$ 31,117,790

A statutory mortgage lien upon the City's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The City's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

Other Debt Information

There are a number of limitations and restrictions contained in the various bond and note obligations. The City believes it is substantially in compliance with all material limitations and restrictions.

Promissory Note

The City has entered into an agreement with a developer whereby the developer agrees to loan the City certain amounts necessary for completion of a project for Tax Incremental District No. 13 (TID No. 13). The note will be repaid with tax increments generated by TID No. 13. Should TID No. 13 not generate sufficient revenues over its life to repay the note, any remaining balance will be forgiven by the developer. The balance of the note outstanding at December 31, 2006 is \$855,546.

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Long-term Disability

The City is responsible for making monthly premium payments for long-term disability coverage for three former public safety employees. The total premiums paid during 2006 were \$21,048. The total estimated future liability for these premiums is \$611,735.

Retiree Health Insurance

The City provides post-employment health insurance benefits for eligible employees. Eligibility is based on length of service and employee group. The benefits are based on contractual agreements. Total expenditures for the year were \$329,667, all for former public safety employees. The total estimated amount to be paid in the future is \$2,453,939.

Compensated Absences

Estimated compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

8. Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2006, there were seven series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$14,720,724.

9. Fund Equity

Government-wide Statements

Net assets of the governmental activities reported on the government-wide statement of net assets at December 31, 2006 includes the following:

Invested in capital assets, net of related debt

Land	\$ 24,554,959
Construction in progress	6,317,792
Buildings	43,501,811
Improvements other than buildings	3,760,577
Machinery and equipment	32,101,515
Infrastructure	139,867,633
Less: Accumulated depreciation	(99,301,622)
Related long-term debt outstanding	(66,816,568)
Total Invested in Capital Assets, Net of Related Debt	<u>83,986,097</u>
Restricted for debt service	<u>1,089,976</u>
Unrestricted	<u>(4,695,703)</u>
Total Governmental Activities Net Assets	<u>\$ 80,380,370</u>

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Fund Statements

In the fund financial statements, portions of governmental fund balances are reserved and not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2006, fund balance was reserved as follows:

General Fund	
Reserved for inventories	\$ 190,597
Reserved for prepaid items	64,485
	<u>\$ 255,082</u>
Special Revenue Funds	
Reserved for loans receivable	<u>\$ 4,550,956</u>
Debt Service Funds/TIF Debt	
Reserved for debt retirement	<u>\$ 1,089,976</u>
Capital Projects Funds	
Reserved for prepaid items	<u>\$ 75,749</u>
Permanent Funds	
Reserved for donor restrictions	<u>\$ 2,522,217</u>

**10. Prior Period Adjustments**

The following are reported as prior period adjustments in the 2006 financial statements:

- a. The City added storm sewer infrastructure assets constructed in prior years. This resulted in an increase in net assets of \$7,902,679 for the governmental activities. The City also adjusted the business-type activities balances which resulted in a decrease in net assets of \$215,870 (outstanding receivables decreased \$224,205 and capital asset costs increased \$8,335).



**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

**11. Component Units**

**HOUSING AUTHORITY OF THE CITY OF WAUKESHA**

This report contains the Housing Authority of the City of Waukesha (Housing Authority), which is included as a discretely presented component unit in the statement of net assets and statement of activities.

In addition to the basic financial statements and the preceding notes to the basic financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

**a. Basis of Accounting/Measurement Focus**

The Housing Authority follows the full accrual basis of accounting and the flow of economic resources measurement focus.

**b. Deposits and Investments**

At year end, the Housing Authority's had only bank deposits. The carrying amount of those deposits was \$2,096,195 and the bank balance was \$2,138,253. Of the \$2,138,253 bank balance, no amount was uninsured or uncollateralized.

The Housing Authority also has \$100 in petty cash.

**c. Capital Assets**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,875,378	\$ -	\$ -	\$ 1,875,378
Capital assets, being depreciated:				
Buildings	12,912,181	144,399	-	13,056,580
Leasehold improvements	1,210,125	1,731	-	1,211,856
Furniture, equipment and machinery				
Dwellings	65,629	2,586	-	68,215
Administrative	228,368	813	-	229,181
Subtotals	14,416,303	149,529	-	14,565,832
Less accumulated depreciation for:				
Buildings	6,312,388	405,844	-	6,718,232
Improvements other than buildings	979,744	32,798	-	1,012,542
Furniture, equipment and machinery				
Dwellings	43,523	4,094	-	47,617
Administrative	174,364	16,422	-	190,786
Subtotals	7,510,019	459,158	-	7,969,177
Total capital assets being depreciated, net	6,906,284	(309,629)	-	6,596,655
Invested in capital assets, net of related debt	\$ 8,781,662	\$ (309,629)	\$ -	\$ 8,472,033

**CITY OF WAUKESHA, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2006

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

d. Employee Retirement System

All eligible Housing Authority employees participate in the Wisconsin Retirement System (System), a cost-sharing, defined benefit, multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended September 30, 2006 was \$655,687, the Housing Authority's total payroll was \$642,528.

The total required contribution for the year ended September 30, 2006 was \$67,862 or 10.1% of total covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ended September 30, 2005 and 2004 were \$66,766 and \$62,046, respectively, equal to the required contributions for the year.

e. Short-term Credit Arrangement

The Housing Authority has a \$550,000 secured line of credit with Waukesha State Bank. Interest on the line of credit is the rate paid on the certificate of deposit used as collateral plus 2.00% or 6.21% at year end. There were no outstanding borrowings under the arrangement at September 30, 2006.

**BUSINESS IMPROVEMENT DISTRICT**

This report also contains the Business Improvement District of the City of Waukesha (BID), which is included as a discretely presented component unit in the statement of net assets and statement of activities.

In addition to the basic financial statements and the preceding notes to the basic financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

f. Basis of Accounting/Measurement Focus

The BID follows the full accrual basis of accounting and the flow of economic resources measurement focus.

g. Deposits and Investments

The BID, as a fund of the City, maintains both common and separate cash accounts from the City. Federal depository insurance and State of Wisconsin Guarantee Fund insurance apply to the City of Waukesha as an individual municipality and, accordingly, the amount of insured funds for the common cash is not determinable for the BID. The carrying amount of the common cash is \$53,024.

At year end, the carrying amount of the BID's separate deposits was \$101,828 and the bank balance was \$105,303. The entire bank balance was covered by federal depository insurance.

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE D - OTHER INFORMATION**

1. Retirement Commitments

All eligible City employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer public employee retirement system. All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.9% of their salary (2.9% for Executives and Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for City employees covered by the System for the year ended December 31, 2006 was \$30,582,048; the employer's total payroll was \$31,181,200. The total required contribution for the year ended December 31, 2006 was \$3,593,669, which consisted of \$2,017,785, or 6.6% of covered payroll from the employer and \$1,575,884, or 5.2% of covered payroll from employees. The required contribution for employees for the year ended December 31, 2006 was financed by the City. Total contributions for the years ending December 31, 2005 and 2004 were \$3,476,701 and \$3,177,481 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 or after April 24, 1998 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

2. Risk Management

The City is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; employee health and accident claims; or acts of God. A description of the City's risk management program follows:

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE D - OTHER INFORMATION (Continued)**

Self-Insurance Fund

For dental claims, the uninsured risk of loss is \$1,000 per incident for a policy year. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the City participate in risk management program. Amounts payable are based upon actuarial estimates of the amounts necessary to pay prior and current year claims. The claims liability of \$15,237 reported in the fund at December 31, 2006 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for 2005 and 2006 follow:

		Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2005	\$	30,209	\$ 394,723	\$ 410,603	\$ 14,329
2006		14,329	404,906	403,998	15,237

For health claims, the uninsured risk of loss is \$100,000 per incident for a policy year. Settled claims have not exceeded the commercial coverage in the past year.

All funds of the City participate in risk management program. Amounts payable are based upon actuarial estimates of the amounts necessary to pay prior and current year claims. The claims liability of \$817,243 reported in the fund at December 31, 2006 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for 2006 follow:

		Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2005	\$	-	\$ 7,233,173	\$ 6,555,444	\$ 677,729
2006		677,729	8,033,604	7,894,090	817,243

Transit System Liability Insurance

The City's transit system is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; or acts of God. During 1985, the transit system became a member of the Transit Mutual Insurance Corporation of Wisconsin (TMI). TMI was created by several governmental units within the State of Wisconsin to provide liability insurance services to its members. The transit system pays premiums to TMI for its liability insurance coverage. The actuary for TMI determines charges to its members for the expected losses and loss adjustment expenses on which premiums are based.

**CITY OF WAUKESHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2006

**NOTE D - OTHER INFORMATION (Continued)**

Other Risk Management Programs

The City also purchases commercial insurance policies for various property and other liability risks. These insurance costs are accounted for in the insurance internal service fund. The insurance fund charges other funds of the City based on coverage provided.

Insurance settlements have not exceeded insurance coverage for each of the past three years. There have been no significant changes in insurance coverage from the prior year.

3. Property Tax Levy Limit

Wisconsin Act 25, effective July 27, 2005, imposes a limit on the property tax levies for all Wisconsin cities, villages, towns and counties for a two-year period. The Act limits the increase in the tax levy to the greater of the percentage change in the City's January 1 equalized value as a result of net new construction or two percent. The limit for the City for the 2007 budget was 2.589. The levy limit is applied to both operations and debt service. However, the Act allows the limit to be increased for debt service authorized prior to July 1, 2005 and in certain other situations.

4. Contingencies

- a. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under OMB Circular A-133 has been conducted but final acceptance is still pending. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.
- b. From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.
- c. On April 12, 1992, the State of Wisconsin commenced a legal action against the City of Waukesha Water Utility entitled State of Wisconsin, Department of Natural Resources vs. City of Waukesha Water Utility. Case No. 91-CV-1027, Circuit Court, Waukesha County, Wisconsin, case number 92-2530, Court of Appeals and Supreme Court of the State of Wisconsin. In that case the State has requested judgment against the Utility for (1) an injunction requiring the Utility to bring its water supply system into compliance with Wisconsin Administrative Code NR 109.50(1); (2) the forfeitures provided for in sections 144.99, Stats., for past violations of Wisconsin Administrative Code Sec. NR 109.50; (3) a penalty assessment pursuant to Sect. 165.87(2) (Stats.).

This matter has been resolved by stipulation and order. The Utility, as part of its settlement, agreed to pay forfeitures for past violations including penalty assessments, in the amount of \$20,000. The Utility did not admit to any liability or risk relative to the current level of radionuclides in its water supply. As part of the stipulation, the Wisconsin Department of Natural Resources agreed to hold off enforcement of this matter until such times as the Environmental Protection Agency (EPA) establishes a new standard for the above radionuclides.

Although the Federal legislation underpinning EPA regulations of radionuclides has been renewed, the EPA has examined the 1996 amendments to the Safe Drinking Water Act and taken the position that the contaminant level (MCL) of 5 pCi/L of radium in drinking water for Ra 226 and Ra 228, combined. The EPA conducted a new rulemaking proceeding and published a Notice of Data Availability and concluded the rulemaking in 2000.

## CITY OF WAUKESHA, WISCONSIN

### Notes to Basic Financial Statements

December 31, 2006

#### NOTE D - OTHER INFORMATION (Continued)

In December 2000, the EPA finalized its rule for radium 226 and 228. In response to this rule, the City of Waukesha, doing business as the City of Waukesha Water Utility, petitioned the United States Court of Appeals, District of Columbia Circuit, in Washington, D.C. to review the rule promulgated by the EPA. The case City of Waukesha, et al. v. EPA, 01-1028, was heard on November 20, 2002. On February 25, 2003 the United States Court of Appeals ruled in favor of the EPA. As such, the municipality terminated the legal process and began negotiations with the Wisconsin Department of Natural Resources (WDNR) to develop a consent order/compliance agreement to bring the water supply into compliance with the radium standard. As required by the EPA and WDNR, the municipality entered into a consent order/compliance agreement with the WDNR on December 19, 2003, and immediately began working towards compliance.

The agreement requires the Utility to develop new shallow wells, install treatment at some of the existing wells and blend the non-compliant water with compliant water to bring the water supply in compliance with the radium standards. The estimated cost of the improvements is approximately eight (8) million dollars. The Utility will also continue to investigate the potential to develop a new water supply. The development of the new water supply will cost approximately forty-four (44) to seventy-seven (77) million dollars. This estimate consists of the initial capital expenditures plus operation for 20 years and is based on implementation of one of the two highest ranked water supply options identified in a 2001 engineering study of water supply alternatives. It is estimated that the new water supply will be available in approximately December 2010.

#### 5. Subsequent Events

- a) On May 1, 2007, the City authorized the issuance of G.O. Promissory Notes in the amount of \$7,950,000. The issue is to provide funding for 2007 capital improvement projects, TIF projects and fire station projects.
- b) On May 1, 2007, the City authorized the issuance of G.O. Refunding Bonds in the amount of \$5,885,000. The issue is to refund the amount due for anticipation notes issued in prior years.

## **SUPPLEMENTAL INFORMATION**





**CITY OF WAUKESHA, WISCONSIN**  
**Schedule of Revenues and Other Financing Sources - Budget and Actual**  
**General Fund**  
**Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>TAXES</b>				
General property taxes	\$ 32,477,245	\$ 32,477,245	\$ 32,271,749	\$ (205,496)
Omitted taxes	9,405	9,405	5,306	(4,099)
Delinquent taxes and interest	120,000	120,000	117,372	(2,628)
Mobile home taxes	22,000	22,000	2,794	(19,206)
Occupancy (room) tax	600,000	600,000	641,211	41,211
Payment in lieu of taxes	80,000	80,000	223,017	143,017
Total Taxes	33,308,650	33,308,650	33,261,449	(47,201)
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared taxes	3,054,966	3,099,763	3,029,577	(70,186)
State fire insurance tax	174,437	174,437	189,772	15,335
State payment for municipal services	215,642	215,642	225,827	10,185
State aid - law enforcement	7,000	27,000	15,150	(11,850)
State aid - general highway	2,171,360	2,171,360	2,279,857	108,497
State aid - connecting streets	90,034	90,034	78,574	(11,460)
State aid - ambulance	5,500	5,500	89,106	83,606
State aid - exempt computer	191,905	191,905	532,825	340,920
County aid - library	1,167,435	1,167,435	1,180,405	12,970
County aid - hazardous materials	145,000	145,000	144,746	(254)
County aid - recycling	154,786	154,786	152,712	(2,074)
County library system	73,480	73,480	74,003	523
Other grants	-	45,070	-	(45,070)
Total Intergovernmental Revenues	7,451,545	7,561,412	7,992,554	431,142
<b>LICENSES AND PERMITS</b>				
Licenses	120,000	120,000	138,082	18,082
Nonbusiness licenses	21,000	21,000	17,981	(3,019)
Building permits and inspection fees	996,000	996,000	754,587	(241,413)
Cable TV franchise fee	656,000	656,000	691,747	35,747
Property tax exemption fees	1,500	1,500	1,600	100
Other permits and inspection fees	4,500	4,500	4,729	229
Total Licenses and Permits	1,799,000	1,799,000	1,608,726	(190,274)
<b>FINES, FORFEITURES AND PENALTIES</b>				
Law and ordinance violations	650,000	650,000	716,198	66,198

(Continued)

**CITY OF WAUKESHA, WISCONSIN**  
**Schedule of Revenues and Other Financing Sources - Budget and Actual (Continued)**  
**General Fund**  
**Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>PUBLIC CHARGES FOR SERVICES</b>				
General government	69,500	69,500	89,854	20,354
Law enforcement fees	82,000	82,000	58,049	(23,951)
Fire department fees	30,000	30,000	27,269	(2,731)
Ambulance	1,070,000	1,070,000	978,918	(91,082)
Hazardous incidents	5,000	5,000	18,874	13,874
Safety inspections	173,500	173,500	191,229	17,729
Public works	3,000	3,000	9,953	6,953
Engineering	240,500	240,500	153,342	(87,158)
Snow and ice control	5,000	5,000	4,044	(956)
Planning and zoning	225,000	225,000	202,079	(22,921)
Library	215,370	215,370	184,093	(31,277)
Recreation	864,500	864,500	890,348	25,848
Weed control	1,500	1,500	4,132	2,632
Trees	40,250	40,250	28,990	(11,260)
Other public charges	31,000	31,000	27,416	(3,584)
Total Public Charges for Services	3,056,120	3,056,120	2,868,590	(187,530)
<b>INTERDEPARTMENTAL CHARGES</b>				
General government services	186,828	186,828	199,987	13,159
Public works	300,000	300,000	206,160	(93,840)
Engineering	500,000	500,000	547,161	47,161
Other interdepartmental charges	35,000	35,000	47,431	12,431
Total Interdepartmental Charges	1,021,828	1,021,828	1,000,739	(21,089)
<b>INVESTMENT INCOME</b>				
Investment income	600,000	600,000	1,265,908	665,908
<b>MISCELLANEOUS REVENUES</b>				
Property rental	20,000	20,000	21,383	1,383
Sale of city property	10,109	10,109	15,028	4,919
Donations	5,000	12,300	6,144	(6,156)
Miscellaneous	61,245	61,245	99,588	38,343
Total Miscellaneous	96,354	103,654	142,143	38,489
<b>TOTAL REVENUES</b>	47,983,497	48,100,664	48,856,307	755,643
<b>OTHER FINANCING SOURCES</b>				
Transfers in	917,181	917,181	847,609	(69,572)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	\$ 48,900,678	\$ 49,017,845	\$ 49,703,916	\$ 686,071

**CITY OF WAUKESHA, WISCONSIN**  
**Schedule of Expenditures and Other Financing Uses - Budget and Actual**  
**General Fund**  
**Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
City council	\$ 103,085	\$ 103,085	\$ 100,141	\$ 2,944
Municipal court	325,790	304,642	303,624	1,018
Mayor's office	172,319	174,518	176,411	(1,893)
City administrator	183,553	186,108	187,890	(1,782)
Landmarks commission	4,744	4,744	2,106	2,638
Elections	52,000	46,865	44,625	2,240
Personnel administration	149,763	136,738	121,902	14,836
Equal opportunity commission	-	2,013	2,287	(274)
Labor relations	112,944	88,644	78,894	9,750
Unallocated benefits	505,000	505,000	397,824	107,176
Treasurer	513,185	515,469	510,317	5,152
Assessor	560,838	567,359	581,436	(14,077)
Accounting	458,877	481,399	488,166	(6,767)
City attorney	543,462	600,959	605,341	(4,382)
City hall	199,510	197,347	169,812	27,535
Planning and zoning	641,992	653,046	668,489	(15,443)
Information systems	1,545,042	1,584,189	1,621,856	(37,667)
Redevelopment authority	2,019	2,019	468	1,551
Property and liability insurance	867,759	867,759	805,785	61,974
Bad debts and refunds	30,000	30,000	85,597	(55,597)
Other general government	5,000	5,000	5,233	(233)
Tourism Bureau room tax	150,000	150,000	160,303	(10,303)
Transfer to BID	39,435	39,435	39,435	-
Contingency	75,000	75,000	-	75,000
Total General Government	7,241,317	7,321,338	7,157,942	163,396
<b>PUBLIC SAFETY</b>				
Police department	13,969,266	14,050,190	14,205,486	(155,296)
Emergency government	36,224	58,459	21,785	36,674
Fire department	9,837,011	9,814,848	9,712,473	102,375
Police and fire commission	23,330	23,330	27,702	(4,372)
Building inspections	684,493	684,493	680,868	3,625
Other	146,148	140,110	136,949	3,161
Total Public Safety	24,696,472	24,771,430	24,785,263	(13,833)

(Continued)

**CITY OF WAUKESHA, WISCONSIN**  
**Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)**  
**General Fund**  
**Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>HIGHWAYS AND STREETS</b>				
Roadway and streets maintenance	296,396	296,396	267,548	28,848
Engineering	2,737,228	2,737,228	2,655,943	81,285
General public works	3,893,444	3,893,444	3,897,798	(4,354)
Storm sewers	26,850	26,850	24,852	1,998
Snow and ice removal	205,700	205,700	212,785	(7,085)
Street lighting	485,000	485,000	502,565	(17,565)
Weed cutting	3,500	3,500	4,468	(968)
Total Highways and Streets	7,648,118	7,648,118	7,565,959	82,159
<b>SANITATION</b>				
Solid waste disposal	766,380	768,575	768,696	(121)
<b>CULTURE AND RECREATION</b>				
Public library	3,461,364	3,461,674	3,519,096	(57,422)
Pools	440,122	388,971	349,567	39,404
Recreation programs	908,343	941,768	955,506	(13,738)
Forestry	756,739	754,976	731,322	23,654
Parks administration	458,028	444,918	445,596	(678)
Parks maintenance	2,340,696	2,368,963	2,437,585	(68,622)
Youth corps	-	526	526	-
Cable TV	81,225	82,526	88,255	(5,729)
Festivals	16,874	16,874	16,231	643
Total Culture and Recreation	8,463,391	8,461,196	8,543,684	(82,488)
<b>TOTAL EXPENDITURES</b>	48,815,678	48,970,657	48,821,544	149,113
<b>OTHER FINANCING USES</b>				
Transfers out	85,000	85,000	61,577	23,423
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 48,900,678</u>	<u>\$ 49,055,657</u>	<u>\$ 48,883,121</u>	<u>\$ 172,536</u>

**CITY OF WAUKESHA, WISCONSIN**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2006**

**Special Revenue Funds**

	Lighted Dome	Festival and Special Activities	Police Crime Prevention	Community Development Block Grant	WHEDA Loan Program	Housing Development Grant	Public Works Impact Fees	Garbage Collection	Public Works DNR Grants
\$	4,463	\$ 5,423	\$ 7,521	\$ 25	\$ 75,003	\$ 24,916	\$ 1,237,094	\$ 13,543	\$ 29,169
	-	-	-	-	-	-	-	1,362,593	-
	-	-	-	2,354	716	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	1,847,417	1,349,655	1,307,884	-	-	-
	-	-	-	261,319	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

<b>TOTAL ASSETS</b>	\$ 4,463	\$ 5,423	\$ 7,521	\$ 2,111,115	\$ 1,425,374	\$ 1,332,800	\$ 1,237,094	\$ 1,376,136	\$ 29,169
---------------------	----------	----------	----------	--------------	--------------	--------------	--------------	--------------	-----------

**LIABILITIES AND FUND BALANCES**

Accounts payable	\$ -	\$ 2,769	\$ -	\$ 27,871	\$ -	\$ -	\$ -	\$ 1,216	\$ -
Other accrued liabilities	-	-	-	971	-	-	-	-	-
Due to other funds	-	-	-	93,089	-	-	-	12,327	-
Deposits	-	-	-	-	-	-	-	-	-
Advance due to other funds	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	289,838	-	-	916,699	1,362,593	20,523
<b>Total Liabilities</b>	-	2,769	-	411,769	-	-	916,699	1,376,136	20,523

**Fund Balances**

Reserved for									
Loans receivable	-	-	-	1,847,417	1,349,655	1,307,884	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Donor restrictions	-	-	-	-	-	-	-	-	-
Unreserved									
Undesignated (deficit)									
Special revenue funds	4,463	2,654	7,521	(148,071)	75,719	24,916	320,395	-	8,646
Capital projects funds	-	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	4,463	2,654	7,521	1,699,346	1,425,374	1,332,800	320,395	-	8,646

**TOTAL LIABILITIES AND FUND BALANCES**

\$	4,463	\$ 5,423	\$ 7,521	\$ 2,111,115	\$ 1,425,374	\$ 1,332,800	\$ 1,237,094	\$ 1,376,136	\$ 29,169
----	-------	----------	----------	--------------	--------------	--------------	--------------	--------------	-----------

(Continued)

**CITY OF WAUKESHA, WISCONSIN**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2006**

<b>Special Revenue Funds (Continued)</b>											
	Park Development Impact Fees	Park and Recreation Sponsorship Program	Library CAFÉ	Home Rental Rehab	Energy Rental Rehab	Cemetery Trust Fund C	Crime Prevention Grant	Confiscated Property	Paramedics		
<b>ASSETS</b>											
Cash and investments	\$ 709,546	\$ 43,938	\$ 123,032	\$ 18,556	\$ 21,400	\$ 56,821	\$ 20,721	\$ 100,701	\$ 11,846		
Taxes receivable	-	-	-	-	-	-	-	-	-		
Accounts receivable	-	-	-	-	-	-	12	-	-		
Special assessments	-	-	-	-	-	-	-	-	-		
Loans receivable	-	-	-	45,000	1,000	-	-	-	-		
Due from other governmental units	-	-	-	-	-	-	-	-	-		
Due from other funds	-	-	-	-	-	-	-	-	-		
Prepaid items	-	-	73,668	-	-	-	-	-	-		
<b>TOTAL ASSETS</b>	<b>\$ 709,546</b>	<b>\$ 43,938</b>	<b>\$ 196,700</b>	<b>\$ 63,556</b>	<b>\$ 22,400</b>	<b>\$ 56,821</b>	<b>\$ 20,733</b>	<b>\$ 100,701</b>	<b>\$ 11,846</b>		
<b>LIABILITIES AND FUND BALANCES</b>											
Accounts payable	\$ -	\$ 7,572	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 4,742	\$ -		
Other accrued liabilities	-	-	-	-	-	-	-	-	-		
Due to other funds	-	-	-	-	-	627	-	-	-		
Deposits	-	-	-	-	-	-	-	-	-		
Advance due to other funds	-	-	-	-	-	-	-	-	-		
Deferred revenues	491,238	3,980	169,860	-	-	-	17,527	-	-		
<b>Total Liabilities</b>	<b>491,238</b>	<b>11,552</b>	<b>169,865</b>	<b>-</b>	<b>-</b>	<b>627</b>	<b>17,527</b>	<b>4,742</b>	<b>-</b>		
<b>Fund Balances</b>											
Reserved for	-	-	-	45,000	1,000	-	-	-	-		
Loans receivable	-	-	-	-	-	-	-	-	-		
Prepaid items	-	-	73,668	-	-	-	-	-	-		
Donor restrictions	-	-	-	-	-	-	-	-	-		
Unreserved	-	-	-	-	-	-	-	-	-		
Undesignated (deficit)	-	-	-	-	-	-	-	-	-		
Special revenue funds	218,308	32,386	(46,833)	18,556	21,400	56,194	3,206	95,959	11,846		
Capital projects funds	-	-	-	-	-	-	-	-	-		
<b>Total Fund Balances</b>	<b>218,308</b>	<b>32,386</b>	<b>26,835</b>	<b>63,556</b>	<b>22,400</b>	<b>56,194</b>	<b>3,206</b>	<b>95,959</b>	<b>11,846</b>		
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 709,546</b>	<b>\$ 43,938</b>	<b>\$ 196,700</b>	<b>\$ 63,556</b>	<b>\$ 22,400</b>	<b>\$ 56,821</b>	<b>\$ 20,733</b>	<b>\$ 100,701</b>	<b>\$ 11,846</b>		

(Continued)

**CITY OF WAUKESHA, WISCONSIN**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2006**

	Special Revenue Funds (Continued)				Capital Projects Funds				
	Cable TV Franchise Fees	WP&L	Tourism Bureau	General Improvement Fund	Public Works Improvements	Municipal Facilities	Transit and Parking Center	Fleet Replacement	TIF Districts Nos. 9 - 15
ASSETS									
Cash and investments	\$ -	\$ 240,141	\$ 1,446	\$ 232,855	\$ 2,957,881	\$ 5,736,432	\$ -	\$ 2,914,339	\$ 611,303
Taxes receivable	-	-	-	-	-	-	-	176,000	30,000
Accounts receivable	-	-	-	60,306	139,897	128,570	-	17,808	40
Special assessments	-	-	-	48,176	122,877	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	2,081	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 240,141	\$ 1,446	\$ 343,418	\$ 3,220,655	\$ 5,865,002	\$ -	\$ 3,108,147	\$ 641,343
LIABILITIES AND FUND BALANCES									
Accounts payable	\$ 2,805	\$ 1,184	\$ -	\$ 6,376	\$ 112,252	\$ 659,842	\$ -	\$ 159,015	\$ 3,560
Other accrued liabilities	-	-	-	-	-	-	-	-	-
Due to other funds	40,731	-	1,446	-	-	-	-	-	85,618
Deposits	-	-	-	-	185,316	-	-	-	-
Advance due to other funds	-	-	-	-	-	-	-	1,839,687	-
Deferred revenues	-	-	-	48,176	1,511,063	120,156	-	176,000	30,000
Total Liabilities	43,536	1,184	1,446	54,552	1,808,631	779,998	-	2,174,702	119,178
Fund Balances									
Reserved for	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	2,081	-	-	-	-	-
Donor restrictions	-	-	-	-	-	-	-	-	-
Unreserved									
Undesignated (deficit)	(43,536)	-	-	-	-	-	-	-	-
Special revenue funds	-	238,957	-	286,785	1,412,024	5,085,004	-	933,445	522,165
Capital projects funds	(43,536)	238,957	-	288,866	1,412,024	5,085,004	-	933,445	522,165
Total Fund Balances									
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 240,141	\$ 1,446	\$ 343,418	\$ 3,220,655	\$ 5,865,002	\$ -	\$ 3,108,147	\$ 641,343

(Continued)

**CITY OF WAUKESHA, WISCONSIN**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2006**

<b>Permanent Funds</b>									
	Cemetery Lot Maintenance	Cemetery Specific Endowment	Cemetery Trust Fund K	Library Endowment	H. B. Mills Recreation	Total Nonmajor Governmental Funds			
<b>ASSETS</b>									
Cash and investments	\$ 1,309,893	\$ 732,437	\$ 370,334	\$ 123,032	\$ 28,417	\$ 17,762,228			
Taxes receivable	-	-	-	-	-	1,568,593			
Accounts receivable	-	-	-	-	-	349,703			
Special assessments	-	-	-	-	-	171,053			
Loans receivable	-	-	-	-	-	4,550,956			
Due from other governmental units	-	-	-	-	-	261,319			
Due from other funds	16,629	10,980	-	-	-	27,609			
Prepaid items	-	-	-	-	-	75,749			
<b>TOTAL ASSETS</b>	<b>\$ 1,326,522</b>	<b>\$ 743,417</b>	<b>\$ 370,334</b>	<b>\$ 123,032</b>	<b>\$ 28,417</b>	<b>\$ 24,767,210</b>			
<b>LIABILITIES AND FUND BALANCES</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ 346	\$ -	\$ 989,555			
Other accrued liabilities	-	-	-	-	-	971			
Due to other funds	58,163	6,943	4,021	-	32	302,997			
Deposits	-	-	-	-	-	185,316			
Advance due to other funds	-	-	-	-	-	1,839,687			
Deferred revenues	-	-	-	-	-	5,157,653			
<b>Total Liabilities</b>	<b>58,163</b>	<b>6,943</b>	<b>4,021</b>	<b>346</b>	<b>32</b>	<b>8,476,179</b>			
<b>Fund Balances</b>									
Reserved for									
Loans receivable	-	-	-	-	-	4,550,956			
Prepaid items	-	-	-	-	-	75,749			
Donor restrictions	1,268,359	736,474	366,313	122,686	28,385	2,522,217			
Unreserved									
Undesignated (deficit)	-	-	-	-	-	663,729			
Special revenue funds	-	-	-	-	-	8,478,380			
Capital projects funds	-	-	-	-	-	-			
<b>Total Fund Balances</b>	<b>1,268,359</b>	<b>736,474</b>	<b>366,313</b>	<b>122,686</b>	<b>28,385</b>	<b>16,291,031</b>			
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,326,522</b>	<b>\$ 743,417</b>	<b>\$ 370,334</b>	<b>\$ 123,032</b>	<b>\$ 28,417</b>	<b>\$ 24,767,210</b>			



**CITY OF WAUKESHA, WISCONSIN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2006**

		Special Revenue Funds									
		Festival and Special Activities	Police Crime Prevention	Community Development Block Grant	WHEDA Loan Program	Housing Development Grant	Public Works Impact Fees	Garbage Collection	Public Works DNR Grants		
<b>REVENUES</b>											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,301,914	\$ -		
Intergovernmental	-	-	-	244,409	-	-	-	-	-		
Licenses and permits	-	-	-	-	-	-	298,975	-	-		
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-		
Public charges for services	-	9,851	-	204	-	-	-	-	-		
Interdepartmental charges	-	-	-	-	-	-	-	-	-		
Special assessments	-	-	-	-	-	-	-	-	-		
Investment income	48	-	-	-	-	-	-	-	-		
Miscellaneous	4,065	-	9,309	4,903	9,429	-	58,485	-	-	1,240	
Total Revenues	4,113	9,851	9,309	249,516	9,429	-	357,460	1,301,914	-	1,240	
<b>EXPENDITURES</b>											
Current											
General government	-	-	-	-	-	-	-	-	-		
Public safety	-	-	8,064	-	-	-	-	-	-		
Sanitation	-	-	-	-	-	-	-	1,301,914	-		
Culture and recreation	-	30,135	-	-	-	-	-	-	-		
Conservation and development	-	-	-	273,192	-	-	-	-	-		
Capital Outlay	-	-	1,625	28,813	3,543	-	-	-	-		
Total Expenditures	-	30,135	9,689	302,005	3,543	-	-	1,301,914	-		
Excess (Deficiency) of Revenues Over Expenditures	4,113	(20,284)	(380)	(52,489)	5,886	-	357,460	-	-	1,240	
<b>OTHER FINANCING SOURCES (USES)</b>											
Long-term debt issued	-	-	-	-	-	-	-	-	-		
Premium on debt issued	-	-	-	-	-	-	-	-	-		
Sale of city property	-	-	-	-	-	-	-	-	-		
Transfers in	-	15,000	-	-	-	-	-	-	-		
Transfers out	-	-	-	-	-	-	(298,975)	-	-		
Total Other Financing Sources (Uses)	-	15,000	-	-	-	-	(298,975)	-	-		
Net Changes in Fund Balances	4,113	(5,284)	(380)	(52,489)	5,886	-	58,485	-	-	1,240	
<b>FUND BALANCES (DEFICIT) - January 1</b>	350	7,938	7,901	1,751,835	1,419,488	1,332,800	261,910	-	-	7,406	
<b>FUND BALANCES (DEFICIT) - December 31</b>	\$ 4,463	\$ 2,654	\$ 7,521	\$ 1,699,346	\$ 1,425,374	\$ 1,332,800	\$ 320,395	\$ -	\$ -	\$ 8,646	

(Continued)

**CITY OF WAUKESHA, WISCONSIN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2006**

<b>Special Revenue Funds (Continued)</b>											
	Park Development Impact Fees	Park and Recreation Sponsorship Program	Library CAFÉ	Home Rental Rehab	Energy Rental Rehab	Cemetery Trust Fund C	Crime Prevention Grant	Confiscated Property	Paramedics		
<b>REVENUES</b>											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	10,383	12,980	-	-	-
Licenses and permits	-	650	-	-	-	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-	47,783	-	-	-
Public charges for services	-	170,310	360,323	-	-	-	-	-	-	-	-
Interdepartmental charges	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Investment income	27,833	-	12,404	-	-	5,990	106	3,739	436	-	-
Miscellaneous	-	45,610	-	-	-	-	-	-	3,970	-	-
<b>Total Revenues</b>	<b>27,833</b>	<b>216,570</b>	<b>372,727</b>	<b>-</b>	<b>-</b>	<b>5,990</b>	<b>10,489</b>	<b>64,502</b>	<b>4,406</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>											
Current											
General government	-	-	-	-	-	181	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	12,064	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	202,549	362,896	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	7,899	2,930	-	-	-	-	57,990	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>210,448</b>	<b>365,826</b>	<b>-</b>	<b>-</b>	<b>181</b>	<b>10,383</b>	<b>70,054</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>27,833</b>	<b>6,122</b>	<b>6,901</b>	<b>-</b>	<b>-</b>	<b>5,809</b>	<b>106</b>	<b>(5,552)</b>	<b>4,406</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>											
Long-term debt issued	-	-	-	-	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-	-	-	-	-
Sale of city property	-	3,521	-	-	-	-	-	-	-	-	-
Transfers in	-	-	18,334	-	-	-	1,254	(1,254)	-	-	-
Transfers out	-	-	-	-	-	(1,484)	-	(1,254)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>3,521</b>	<b>18,334</b>	<b>-</b>	<b>-</b>	<b>(1,484)</b>	<b>1,254</b>	<b>(1,254)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>27,833</b>	<b>9,643</b>	<b>25,235</b>	<b>-</b>	<b>-</b>	<b>4,325</b>	<b>1,360</b>	<b>(6,806)</b>	<b>4,406</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICIT) - January 1</b>	<b>190,475</b>	<b>22,743</b>	<b>1,600</b>	<b>63,556</b>	<b>22,400</b>	<b>51,869</b>	<b>1,846</b>	<b>102,765</b>	<b>7,440</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICIT) - December 31</b>	<b>\$ 218,308</b>	<b>\$ 32,386</b>	<b>\$ 26,835</b>	<b>\$ 63,556</b>	<b>\$ 22,400</b>	<b>\$ 56,194</b>	<b>\$ 3,206</b>	<b>\$ 95,959</b>	<b>\$ 11,846</b>	<b>-</b>	<b>-</b>

(Continued)

**CITY OF WAUKESHA, WISCONSIN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2006**

	Special Revenue Funds (Continued)					Capital Projects Funds					
	Sick Leave Conversion	Cable TV Franchise Fees	WP&L	Tourism Bureau	General Improvement Fund	Public Works Improvements	Municipal Facilities	Transit and Parking Center	Fleet Maintenance	TIF Districts Nos. 9 - 15	
REVENUES											
Taxes	-	-	-	-	-	-	-	-	-	-	
Intergovernmental	-	-	-	-	895,448	139,971	113,400	-	282,500	-	
Licenses and permits	-	-	-	-	133,299	-	-	-	-	-	
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-	-	
Public charges for services	-	-	-	-	-	-	-	-	-	-	
Interdepartmental charges	-	-	-	-	-	141,118	-	-	-	-	
Special assessments	-	-	-	-	56,837	-	5,961	-	-	-	
Investment income	-	-	-	-	90,940	105,953	-	-	-	-	
Miscellaneous	-	-	10,436	-	10,474	87,616	110,874	-	145,522	83	
Total Revenues	-	-	-	-	15,848	5,995	5,248,636	13,362	28,000	56,234	
	-	-	10,436	-	1,202,846	480,653	5,478,871	13,362	456,022	160,776	
	-	-	-	-	-	-	-	-	-	217,093	
EXPENDITURES											
Current											
General government	-	-	-	-	-	-	-	-	-	-	
Public safety	-	-	-	-	-	-	-	-	-	-	
Sanitation	-	-	-	-	-	-	-	-	-	-	
Culture and recreation	-	15,589	-	-	-	-	-	-	-	-	
Conservation and development	-	-	-	-	-	-	-	-	-	-	
Capital Outlay	-	-	1,184	-	1,416,818	3,046,063	6,323,359	107,429	1,294,673	1,773,455	
Total Expenditures	-	15,589	1,184	-	1,416,818	3,046,063	6,323,359	107,429	1,294,673	1,773,455	
Excess (Deficiency) of Revenues Over Expenditures	-	(15,589)	9,252	-	(213,972)	(2,565,410)	(844,488)	(94,067)	(838,651)	(1,556,362)	
OTHER FINANCING SOURCES (USES)											
Long-term debt issued	-	-	-	-	-	2,692,329	6,447,628	-	700,000	980,000	
Premium on debt issued	-	-	-	-	-	94,383	-	-	-	-	
Sale of city property	-	-	-	-	-	-	-	-	53,801	18,500	
Transfers in	36,281	-	-	-	10,296	295,207	32,542	-	-	42,000	
Transfers out	(36,281)	-	(18,334)	-	-	(89,272)	(116,433)	-	-	(30,975)	
Total Other Financing Sources (Uses)	-	-	(18,334)	-	10,296	2,992,647	6,363,737	-	753,801	1,009,525	
Net Changes in Fund Balances	-	(15,589)	(9,082)	-	(203,676)	427,237	5,519,249	(94,067)	(84,850)	(546,837)	
FUND BALANCES (DEFICIT) - January 1	-	(27,947)	248,039	-	492,542	984,787	(434,245)	94,067	1,018,295	1,069,002	
FUND BALANCES (DEFICIT) - December 31	\$ -	\$ (43,536)	\$ 238,957	\$ -	\$ 288,866	\$ 1,412,024	\$ 5,085,004	\$ -	\$ 933,445	\$ 522,165	

(Continued)

**CITY OF WAUKESHA, WISCONSIN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2006**

	Permanent Funds						Total
	Cemetery Lot Maintenance	Cemetery Specific Endowment	Cemetery Trust Fund K	Library Endowment	H. B. Mills Recreation	Nonmajor Governmental Funds	
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,584,414
Intergovernmental	-	-	-	-	-	-	1,416,591
Licenses and permits	-	-	-	-	-	-	432,924
Fines, forfeitures and penalties	-	-	-	-	-	-	47,783
Public charges for services	-	-	-	7,021	-	-	688,827
Interdepartmental charges	-	-	-	-	-	-	62,798
Special assessments	-	-	-	-	-	-	196,976
Investment income	114,612	81,340	24,947	5,630	832	-	773,130
Miscellaneous	29,899	43,493	-	51,217	-	-	5,660,180
<b>Total Revenues</b>	<b>144,511</b>	<b>124,833</b>	<b>24,947</b>	<b>63,868</b>	<b>832</b>	<b>10,863,623</b>	
<b>EXPENDITURES</b>							
Current							
General government	5,797	3,044	1,625	-	-	-	10,647
Public safety	-	-	-	-	-	-	20,128
Sanitation	-	-	-	-	-	-	1,301,914
Culture and recreation	-	-	-	22,303	-	-	633,472
Conservation and development	-	-	-	-	-	-	273,192
Capital Outlay	-	-	-	-	-	-	14,076,164
<b>Total Expenditures</b>	<b>5,797</b>	<b>3,044</b>	<b>1,625</b>	<b>22,303</b>	<b>-</b>	<b>16,315,517</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>138,714</b>	<b>121,789</b>	<b>23,322</b>	<b>41,565</b>	<b>832</b>	<b>(5,451,894)</b>	
<b>OTHER FINANCING SOURCES (USES)</b>							
Long-term debt issued	-	-	-	-	-	-	10,819,957
Premium on debt issued	-	-	-	-	-	-	94,383
Sale of city property	-	-	-	-	-	-	75,822
Transfers in	-	-	-	-	-	-	450,914
Transfers out	(80,533)	(17,983)	(12,367)	(32,284)	(864)	(737,039)	
<b>Total Other Financing Sources (Uses)</b>	<b>(80,533)</b>	<b>(17,983)</b>	<b>(12,367)</b>	<b>(32,284)</b>	<b>(864)</b>	<b>10,704,037</b>	
<b>Net Changes in Fund Balances</b>	<b>58,181</b>	<b>103,806</b>	<b>10,955</b>	<b>9,281</b>	<b>(32)</b>	<b>5,252,143</b>	
<b>FUND BALANCES (DEFICIT) - January 1</b>	<b>1,210,178</b>	<b>632,668</b>	<b>355,358</b>	<b>113,405</b>	<b>28,417</b>	<b>11,038,888</b>	
<b>FUND BALANCES (DEFICIT) - December 31</b>	<b>\$ 1,268,359</b>	<b>\$ 736,474</b>	<b>\$ 366,313</b>	<b>\$ 122,686</b>	<b>\$ 28,385</b>	<b>\$ 16,291,031</b>	

**CITY OF WAUKESHA, WISCONSIN**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**December 31, 2006**

	Dental/Life Vision Insurance	Health Insurance	Property and Liability Insurance	Printing	Totals
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 20,329	\$ 1,304,305	\$ 7,005	\$ 77,529	\$ 1,409,168
Taxes receivable	-	100,000	-	-	100,000
Accounts receivable	618	65,053	-	-	65,671
Inventories	-	-	-	12,794	12,794
Prepaid items	16,554	32,602	1,404	-	50,560
Total Current Assets	37,501	1,501,960	8,409	90,323	1,638,193
Equipment	-	-	-	285,481	285,481
Less: Accumulated depreciation	-	-	-	(113,693)	(113,693)
Net Equipment	-	-	-	171,788	171,788
Total Assets	37,501	1,501,960	8,409	262,111	1,809,981
<b>CURRENT LIABILITIES</b>					
Accounts payable	-	975	31	-	1,006
Accrued liabilities	-	-	-	938	938
Claims payable	15,237	817,243	-	-	832,480
Compensated absences	-	-	-	20,653	20,653
Due to other funds	9,887	-	-	-	9,887
Unearned revenue	-	134,418	-	-	134,418
Total Current Liabilities	25,124	952,636	31	21,591	999,382
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	-	-	-	171,788	171,788
Restricted for					
Unpaid claims and restricted deposits	12,377	549,324	8,378	-	570,079
Unrestricted	-	-	-	68,732	68,732
<b>TOTAL NET ASSETS</b>	<b>\$ 12,377</b>	<b>\$ 549,324</b>	<b>\$ 8,378</b>	<b>\$ 240,520</b>	<b>\$ 810,599</b>

**CITY OF WAUKESHA, WISCONSIN**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Assets**  
**Internal Service Funds**  
**Year Ended December 31, 2006**

	Dental/Life/ Vision Insurance	Health Insurance	Property and Liability Insurance	Printing	Totals
<b>OPERATING REVENUES</b>					
Charges for services	\$ 560,792	\$ 9,018,870	\$ 1,006,412	\$ 205,596	\$10,791,670
Other revenues	78	122,566	145,940	-	268,584
Total Operating Revenues	560,870	9,141,436	1,152,352	205,596	11,060,254
<b>OPERATING EXPENSES</b>					
Operation and maintenance	546,078	9,128,527	1,154,247	148,197	10,977,049
Depreciation	-	-	-	28,945	28,945
Total Operating Expenses	546,078	9,128,527	1,154,247	177,142	11,005,994
Operating Income (Loss)	14,792	12,909	(1,895)	28,454	54,260
Other Financing Sources					
Property taxes	-	500,000	-	-	500,000
Transfers In	-	36,281	-	-	36,281
<b>CHANGES IN NET ASSETS</b>	14,792	549,190	(1,895)	28,454	590,541
<b>NET ASSETS (DEFICIT) - January 1</b>	(2,415)	134	10,273	212,066	220,058
<b>NET ASSETS - December 31</b>	\$ 12,377	\$ 549,324	\$ 8,378	\$ 240,520	\$ 810,599

***THIS PAGE LEFT BLANK INTENTIONALLY***

**CITY OF WAUKESHA, WISCONSIN**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended December 31, 2006**

	Dental/Life/ Vision Insurance	Health Insurance
<b>Cash Flows from Operating Activities</b>		
Cash received from interfund services provided	\$ 563,189	\$ 9,180,180
Cash paid to suppliers	(552,806)	(9,020,640)
Cash paid to employees	-	-
Net Cash Provided (Used) by Operating Activities	<u>10,383</u>	<u>159,540</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers in	-	36,281
General property taxes	-	500,000
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>536,281</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of capital assets	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	10,383	695,821
Cash and Cash Equivalents - January 1	<u>9,946</u>	<u>608,484</u>
Cash and Cash Equivalents - December 31	<u>\$ 20,329</u>	<u>\$ 1,304,305</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating income (loss)	\$ 14,792	\$ 12,909
Adjustments to reconcile operating income (loss) to net cash provided by operations		
Depreciation	-	-
Changes in assets and liabilities		
Accounts receivable	(618)	4,326
Inventories	-	-
Prepaid items	(7,636)	(32,602)
Accounts payable	-	975
Due to other funds	2,937	-
Claims payable	908	139,514
Compensated absences	-	-
Deferred revenue	-	34,418
Other accrued liabilities	-	-
Net Cash Provided by Operating Activities	<u>\$ 10,383</u>	<u>\$ 159,540</u>



Property and Liability Insurance	Printing	Total
\$ 1,152,352	\$ 205,596	\$ 11,101,317
(1,155,936)	(102,617)	(10,831,999)
-	(43,037)	(43,037)
(3,584)	59,942	226,281
-	-	36,281
-	-	500,000
-	-	536,281
-	(47,988)	(47,988)
(3,584)	11,954	714,574
10,589	65,575	694,594
\$ 7,005	\$ 77,529	\$ 1,409,168

\$ (1,895)	\$ 28,454	\$ 54,260
-	28,945	28,945
-	-	3,708
-	2,471	2,471
-	-	(40,238)
(1,689)	-	(714)
-	-	2,937
-	-	140,422
-	(25)	(25)
-	-	34,418
-	97	97
\$ (3,584)	\$ 59,942	\$ 226,281

***THIS PAGE LEFT BLANK INTENTIONALLY***

**ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Council  
City of Waukesha  
Waukesha, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waukesha, Wisconsin, as of and for the year ended December 31, 2006, which collectively comprise the City of Waukesha's basic financial statements and have issued our report thereon dated July 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Waukesha, Wisconsin's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the City of Waukesha, Wisconsin's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Waukesha, Wisconsin's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waukesha, Wisconsin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Waukesha, Wisconsin in a separate letter dated July 25, 2007.

This report is intended solely for the information and use of the Mayor and City Council, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants  
Green Bay, Wisconsin  
July 25, 2007

## **STATISTICAL SECTION**

### **FINANCIAL TRENDS – TABLES 1-4**

These schedules contain trend information to help the reader understand how the City's financial performance and position has changed over time.

Table 1 – Information about net assets of the City.

Table 2 – Information about changes in net assets of the City.

Table 3 – Year End Fund Balances – Governmental Funds

Table 4 – Changes in Fund Balances

### **REVENUE CAPACITY – TABLES 5-9**

These schedules contain information to help the reader assess the City's most significant local revenue – the property tax.

Table 5 – Assessed Value and Estimated Fair Market Value of Taxable Property

Table 6 – Property Tax Rates

Table 7 – Information about Principal Revenue Payers

Table 8 – Property Tax Levies and Collections

Table 9 – Tax Incremental Financing Districts

### **DEBT CAPACITY – TABLES 10-14**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's capacity to issue additional debt in the future.

Table 10 – Ratios of Outstanding Debt by Type

Table 11 – Ratios of General Obligation Debt Outstanding

Table 12 – Direct and Overlapping Debt

Table 13 – Legal Debt Margin Information

Table 14 – Pledged Revenue Coverage for Revenue Debt

### **DEMOGRAPHIC AND ECONOMIC INFORMATION – TABLES 15-16**

These schedules detail demographic and economic indicators to help the reader understand the population which the City serves.

Table 15 – Demographic and Economic Statistics

Table 16 – Principal Employers

### **OPERATING INFORMATION – TABLES 17-20**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Table 17 – Number of employees of the City by Function

Table 18 – Demand and Level of City Services

Table 19 – Capital Asset Statistics by Function

Table 20 – Insurance Coverages





**City of Waukesha**

**Table 1  
Net Assets By Component  
Last Four Fiscal Years  
(Accrual Basis of Accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 67,327,053	\$ 76,147,710	\$ 79,061,271	\$ 83,986,097
Restricted	9,987,627	1,738,134	1,312,199	1,089,976
Unrestricted	(10,179,153)	(12,949,817)	(13,307,112)	(4,695,703)
<b>Total Governmental Activities of Net Assets</b>	<b>\$ 67,135,527</b>	<b>\$ 64,936,027</b>	<b>\$ 67,066,358</b>	<b>\$ 80,380,370</b>
<b>Business - Type Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 87,480,806	\$ 104,828,220	\$ 108,092,234	\$ 112,056,622
Restricted	4,195,191	3,683,582	3,686,105	6,841,986
Unrestricted	12,983,982	10,207,666	13,246,156	11,026,392
<b>Total Business - Type Activities of Net Assets</b>	<b>\$ 104,659,979</b>	<b>\$ 118,719,468</b>	<b>\$ 125,024,495</b>	<b>\$ 129,925,000</b>
<b>Primary Government (In Total)</b>				
Invested in Capital Assets, Net of Related Debt	\$ 154,807,859	\$ 180,975,930	\$ 187,153,505	\$ 196,042,719
Restricted	14,182,818	5,421,716	4,998,304	7,931,962
Unrestricted	2,804,829	(2,742,151)	(60,956)	6,330,689
<b>Total Primary Government Net Assets</b>	<b>\$ 171,795,506</b>	<b>\$ 183,655,495</b>	<b>\$ 192,090,853</b>	<b>\$ 210,305,370</b>

**City of Waukesha**  
**Table 2**  
**Changes in Net Assets**  
**Last Four Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Expenses</b>				
Governmental Activities				
General Government	\$ 7,749,323	\$ 7,478,978	\$ 7,171,272	8,355,210
Public Safety	22,728,584	23,853,107	25,018,063	26,139,258
Highways and Streets	11,620,755	15,235,397	11,017,532	13,575,809
Sanitation	1,809,402	1,958,663	1,960,635	2,070,610
Culture and Recreation	8,668,439	8,299,713	10,375,323	10,379,313
Conservation and Development	2,296,550	683,873	710,042	305,725
Interest and Fiscal Charges	3,082,186	2,797,495	3,189,687	3,530,573
Total Government Activities Expenses	<u>57,955,239</u>	<u>60,307,226</u>	<u>59,442,554</u>	<u>64,356,498</u>
Business - Type Activities				
Water Utility	\$ 4,776,301	\$ 4,432,772	\$ 4,805,332	5,439,271
Wastewater Utility	8,067,680	8,566,074	8,510,188	9,047,169
Transit System Utility	4,511,362	9,015,608	9,349,101	9,492,306
Parking Utility	528,402	801,036	904,590	934,438
Cemetery	797,553	815,167	724,509	628,501
Total Business - Type Activities	<u>18,681,298</u>	<u>23,630,657</u>	<u>24,293,720</u>	<u>25,541,685</u>
Total Primary Government Expenses	<u>\$ 76,636,537</u>	<u>\$ 83,937,883</u>	<u>\$ 83,736,274</u>	<u>\$ 89,898,183</u>
<b>Program Revenues</b>				
Governmental Activities				
General Government	\$ 2,224,129	\$ 586,825	\$ 339,050	\$ 604,831
Public Safety	2,049,883	3,024,020	2,761,504	2,817,684
Highways and Streets	632,701	953,914	970,324	781,942
Sanitation	4,262	-	-	27,220
Culture and Recreation	1,183,930	1,551,782	1,199,379	1,386,376
Conservation and Development	217,615	195	408	204
Interest and Fiscal Charges	-	-	-	-
Operating Grants and Contributions				
General Government	775	-	100	78,555
Public Safety	668,148	486,978	496,373	330,937
Highways and Streets	2,283,334	2,661,967	2,590,219	2,836,445
Sanitation	157,429	-	12,040	-
Culture and Recreation	1,199,082	1,223,801	1,656,520	1,591,480
Conservation and Development	409,735	431,334	474,524	409,603
Interest and Fiscal Charges	-	-	-	-
Capital Grants and Contributions				
Public Safety	40,192	-	-	-
Highways and Streets	5,430,548	2,456,694	2,552,179	2,775,473
Culture and Recreation	35,474	29,649	324,723	50,848
Conservation and Development	292,838	-	-	-
Total Government Activities Program Revenues	<u>\$ 16,830,075</u>	<u>\$ 13,407,159</u>	<u>\$ 13,377,343</u>	<u>\$ 13,691,598</u>

(Continued)

**City of Waukesha  
Table 2 (Continued)  
Changes in Net Assets  
Last Four Fiscal Years  
(Accrual Basis of Accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Business-type Activities</b>				
Charges for Services				
Water Utility	\$ 6,327,236	\$ 6,245,108	\$ 6,466,825	\$ 6,865,990
Wastewater Utility	9,554,699	9,492,288	9,707,092	9,131,030
Transit System Utility	635,159	1,575,164	1,594,018	1,733,448
Parking Utility	525,039	487,117	510,500	535,435
Cemetery	415,200	451,650	425,984	387,893
Operating Grants and Contributions				
Transit System Utility	2,402,444	5,794,138	5,819,378	5,768,473
Capital Grants and Contributions				
Water Utility	1,562,884	2,266,395	2,882,232	2,354,473
Wastewater Utility	2,504,032	1,124,293	1,003,810	1,731,171
Transit System Utility	2,895,926	9,349,165	455,960	466,706
Parking Utility	1,164,569	879,624	-	-
Total Business-type Activities Program Revenues	<u>\$ 27,987,188</u>	<u>\$ 37,664,942</u>	<u>\$ 28,865,799</u>	<u>\$ 28,974,619</u>
 Total Primary Government Program Revenues	<u>\$ 44,817,263</u>	<u>\$ 51,072,101</u>	<u>\$ 42,243,142</u>	<u>\$ 42,666,217</u>
 Net (Expense) Revenue				
Government Activities	\$ (41,125,164)	\$ (46,900,067)	\$ (46,065,211)	\$ (50,664,900)
Business-Type Activities	\$ 9,305,890	\$ 14,034,285	\$ 4,572,079	\$ 3,432,934
Total Primary Government Net Expense	<u>\$ (31,819,274)</u>	<u>\$ (32,865,782)</u>	<u>\$ (41,493,132)</u>	<u>\$ (47,231,966)</u>
 <b>General Revenues and Other Changes in Net Assets</b>				
<b>Government Activities</b>				
Property Taxes	\$ 37,409,133	\$ 38,696,030	\$ 41,364,912	\$ 42,552,959
Other Taxes	651,857	719,477	1,472,178	1,693,361
Intergovernmental Revenues Not Restricted				
For Specific Programs	5,009,441	3,123,420	2,738,815	3,856,858
Investment Income	1,251,266	612,283	1,280,326	2,287,480
Miscellaneous	70,630	716,295	553,179	5,355,421
Gain on Sale of Assets	-	-	65,291	204,991
Transfers	494,291	776,400	720,841	125,163
Total Governmental Activities	<u>\$ 44,886,618</u>	<u>\$ 44,643,905</u>	<u>\$ 48,195,542</u>	<u>\$ 56,076,233</u>
 <b>Business-Type Activities</b>				
Property Taxes				
Intergovernmental Revenues Not				
Restricted for Specific Programs	\$ 770,503	\$ 734,287	\$ 1,135,106	\$ 885,484
Investment Income	227,210	269,690	382,032	887,994
Miscellaneous	816,375	(202,373)	30,671	35,126
Gain on Sale of Assets	-	-	-	-
Transfers	(494,291)	(776,400)	(720,841)	(125,163)
Total Business-Type Activities	<u>1,319,797</u>	<u>25,204</u>	<u>\$ 826,968</u>	<u>\$ 1,683,441</u>
 Total Primary Government	<u>\$ 46,206,415</u>	<u>\$ 44,669,109</u>	<u>\$ 49,022,510</u>	<u>\$ 57,759,674</u>
 <b>Change in Net Assets</b>				
Government Activities	\$ 3,761,454	\$ (2,256,162)	\$ 2,130,331	\$ 5,411,333
Business-Type Activities	\$ 10,625,687	\$ 14,059,489	\$ 5,399,047	\$ 5,116,375
Total Primary Government Net Expense	<u>\$ 14,387,141</u>	<u>\$ 11,803,327</u>	<u>\$ 7,529,378</u>	<u>\$ 10,527,708</u>

**City of Waukesha**  
**Table 3**  
**Fund Balances of Governmental Funds**  
**Last Four Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Fund</b>				
Reserved	\$ 570,266	\$ 251,143	\$ 197,180	\$ 255,082
Unreserved and Designated, Reported In				
General Fund	19,879	-	-	-
Special Projects Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unreserved and Undesignated, Reported In				
General Fund	4,264,055	4,367,103	4,569,023	5,331,916
Special Projects Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
<b>Total General Fund</b>	<u>\$ 4,854,200</u>	<u>\$ 4,618,246</u>	<u>\$ 4,766,203</u>	<u>\$ 5,586,998</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ 24,531,627	\$ 8,862,429	\$ 8,102,088	\$ 8,238,898
Unreserved and Designated, Reported In				
Special Revenue Funds	421,709	-	-	-
Capital Projects Funds	4,989,509	-	-	-
Unreserved and Undesignated, Reported In				
Special Revenue Funds	(115,221)	1,177,254	795,922	663,729
Capital Projects Funds	(1,801,890)	3,299,705	3,453,077	8,478,380
<b>Total All Other Governmental Funds</b>	<u>\$ 28,025,734</u>	<u>\$ 13,339,388</u>	<u>\$ 12,351,087</u>	<u>\$ 17,381,007</u>
<b>Total Fund Balances - Governmental Funds</b>	<u>\$ 32,879,934</u>	<u>\$ 17,957,634</u>	<u>\$ 17,117,290</u>	<u>\$ 22,968,005</u>

Note: All Other Governmental Funds 2003 Reserved Fund Balance includes Defeased Debt; Due to an Accounting Change 2004, 2005, and 2006 do not include Defeased Debt

**THIS PAGE LEFT  
INTENTIONALLY BLANK**

**City of Waukesha**  
**Table 4**  
**Changes in Fund Balances**  
**Governmental Funds**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	2006	2005	2004	2003	2002
<b>REVENUES</b>					
Taxes	43,030,745	42,205,920	39,415,507	38,060,990	37,042,669
Intergovernmental	9,477,774	9,731,619	9,816,714	9,976,038	10,107,805
Licenses and Permits	2,041,650	2,219,627	1,952,927	1,811,415	1,565,992
Fines, Forfeitures and Penalties	763,981	1,288,192	629,834	559,444	675,871
Public Charges for Services	3,557,417	2,999,948	3,561,051	2,592,655	2,368,102
Interdepartment Charges	1,063,537	1,143,504	1,692,263	1,879,999	1,446,362
Special Assessments	200,453	205,392	219,283	174,736	311,792
Investment Income	2,287,133	1,280,324	612,283	1,251,264	1,263,083
Miscellaneous	5,802,323	265,538	367,780	750,934	317,829
<b>Total Revenues</b>	<b>68,225,013</b>	<b>61,340,064</b>	<b>58,267,642</b>	<b>57,057,475</b>	<b>55,099,505</b>
<b>EXPENDITURES</b>					
Current					
General Government	7,182,305	6,599,033	6,573,408	6,266,880	6,337,653
Public Safety	24,805,391	23,619,054	22,853,636	21,874,357	21,398,048
Highways and Streets	7,565,959	7,404,333	7,625,220	7,507,712	7,427,007
Sanitation	2,070,610	1,960,635	1,958,663	1,811,016	1,731,046
Culture And Recreation	9,177,156	9,285,514	7,846,388	7,408,298	7,072,111
Conservation and Development	273,192	723,489	679,170	2,964,506	587,393
Community Development	0	0	0	0	0
Capital Outlay	14,076,164	19,252,583	17,899,709	9,782,773	11,904,125
Debt Service					
Principal	4,822,981	5,389,115	11,559,531	12,840,102	5,611,747
Interest and Fiscal Charges	3,636,320	3,059,795	2,643,733	3,322,552	3,098,889
Other	0	0	0	113,201	0
<b>Total Expenditures</b>	<b>73,610,078</b>	<b>77,293,551</b>	<b>79,639,458</b>	<b>73,891,397</b>	<b>65,168,019</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<b>(5,385,065)</b>	<b>(15,953,487)</b>	<b>(21,371,816)</b>	<b>(16,833,922)</b>	<b>(10,068,514)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	20,740,000	19,760,546	31,565,174	15,140,000	14,000,000
Premium on Bonds	231,076	203,943	1,080,956	78,621	93,062
Payment to Refunding Escrow Agent	(9,900,000)	(5,641,882)	(18,884,788)	0	0
Discount and Issuance Costs	0	0	0	(48,361)	(91,147)
Sale of City Property	75,822	116,786	91,638	366,564	111,301
Refunds to Other Districts	0	0	0	0	0
Transfers In	1,329,498	3,173,944	2,309,302	2,042,894	1,655,723
Transfers Out	(1,240,616)	(2,500,194)	(1,932,052)	(1,610,701)	(1,941,766)
<b>Total Other Financing Sources (Uses)</b>	<b>11,235,780</b>	<b>15,113,143</b>	<b>14,230,230</b>	<b>15,969,017</b>	<b>13,827,173</b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>5,850,715</b>	<b>(840,344)</b>	<b>(7,141,586)</b>	<b>(864,905)</b>	<b>3,758,659</b>
 Debt Service As A Percentage of Noncapital Expenditures	 14.209%	 14.557%	 23.005%	 25.211%	 16.354%

(Continued)

**City of Waukesha**  
**Table 4**  
**Changes in Fund Balances**  
**Governmental Funds**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	2001	2000	1999	1998	1997
<b>REVENUES</b>					
Taxes	33,284,976	33,332,506	32,787,508	30,828,497	29,214,911
Intergovernmental	9,603,877	9,620,517	9,615,403	9,210,520	8,528,708
Licenses and Permits	1,886,740	1,736,510	624,516	513,830	1,489,293
Fines, Forfeitures and Penalties	701,700	670,274	750,929	637,861	614,758
Public Charges for Services	1,662,270	1,957,074	2,633,212	2,692,081	3,731,767
Interdepartment Charges	1,420,812	1,257,975	1,127,526	1,326,050	1,616,465
Special Assessments	183,770	546,305	502,947	397,392	508,419
Investment Income	1,915,787	2,554,853	2,307,477	2,664,549	2,244,945
Miscellaneous	1,330,185	1,032,902	963,098	1,937,419	2,140,624
<b>Total Revenues</b>	<b>51,990,117</b>	<b>52,708,916</b>	<b>51,312,616</b>	<b>50,208,199</b>	<b>50,089,890</b>
<b>EXPENDITURES</b>					
Current					
General Government	7,193,923	5,489,865	4,891,600	4,885,547	5,545,889
Public Safety	19,664,169	19,343,524	18,256,723	17,129,691	16,492,442
Highways and Streets	7,052,892	6,811,249	7,081,069	6,794,010	6,584,819
Sanitation	1,649,266	1,520,055	1,660,683	1,610,149	1,625,340
Culture And Recreation	6,552,683	6,178,083	5,991,551	5,777,159	5,398,496
Conservation and Development	0	0	0	0	0
Community Development	441,836	700,434	4,675,856	3,325,272	3,067,118
Capital Outlay	14,543,061	9,721,501	3,689,996	9,149,950	8,226,700
Debt Service					
Principal	7,681,084	11,091,328	6,796,093	8,737,680	5,760,000
Interest and Fiscal Charges	2,596,248	2,835,260	3,109,876	3,294,434	2,931,905
Other	0	0	0	0	0
<b>Total Expenditures</b>	<b>67,375,162</b>	<b>63,691,299</b>	<b>56,153,447</b>	<b>60,703,892</b>	<b>55,632,709</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(15,385,045)</b>	<b>(10,982,383)</b>	<b>(4,840,831)</b>	<b>(10,495,693)</b>	<b>(5,542,819)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	24,921,055	0	6,464,304	8,321,650	11,000,000
Premium on Bonds	109,764	0	0	0	0
Payment to Refunding Escrow Agent	0	0	0	0	0
Discount and Issuance Costs	(97,035)	0	(69,800)	(144,638)	0
Sale of City Property	432,425	175,393	236,654	0	0
Refunds to Other Districts	0	(503,656)	0	0	0
Transfers In	2,954,874	2,971,444	1,852,282	2,797,523	1,451,169
Transfers Out	(3,040,668)	(2,248,971)	(1,832,373)	(2,900,778)	(2,207,340)
<b>Total Other Financing Sources (Uses)</b>	<b>25,280,415</b>	<b>394,210</b>	<b>6,651,067</b>	<b>8,073,757</b>	<b>10,243,829</b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>9,895,370</b>	<b>(10,588,173)</b>	<b>1,810,236</b>	<b>(2,421,936)</b>	<b>4,701,010</b>
 Debt Service As A Percentage of Noncapital Expenditures	 19.453%	 25.804%	 18.882%	 23.339%	 18.335%

Note: 2001 Long-Term Debt Issued total of \$24,921,055 includes net proceeds of \$12,800,854 to the debt service fund to advance refund \$12,580,000 of outstanding bonds and notes and net proceeds of \$4,240,249 on behalf of the Water Utility to advance refund \$4,205,000 of outstanding bonds

**City of Waukesha**  
**Table 5**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**Totals Reported Net of Tax-Exempt Property**

Fiscal Year Ended December 31	Real Property					Total Real Property
	Total Assessed Valuation Residential	Total Assessed Valuation Commercial	Total Assessed Valuation Manufacturing	Total Assessed Valuation Agriculture	Total Assessed Valuation Other	
1997	1,883,741,800	685,756,100	129,884,500	214,400	121,400	2,699,718,200
1998	1,942,728,800	734,357,500	132,579,100	413,900	196,100	2,810,275,400
1999	1,987,098,900	767,088,500	137,294,400	344,000	303,600	2,892,129,400
2000	2,047,292,200	811,218,800	156,089,100	146,800	303,600	3,015,050,500
2001***	2,495,121,500	942,609,100	185,963,500	156,900	364,000	3,624,215,000
2002	2,569,279,850	943,445,300	192,793,300	149,600	749,000	3,706,417,050
2003	2,638,855,600	980,314,600	188,830,100	65,800	339,600	3,808,405,700
2004	2,707,433,720	997,786,800	179,360,800	67,100	599,800	3,885,248,220
2005***	3,600,583,400	1,283,659,500	216,966,500	96,000	815,600	5,102,121,000
2006	3,713,641,700	1,294,564,500	202,341,900	29,800	498,300	5,211,076,200

Source: Wisconsin Department of revenue, Bureau of Property Tax

\*\*\* Indicates Reassessment

a) - Per \$1,000 of Assessed Valuation



<b>Total Personal Property</b>	<b>Total Direct City Tax Rate (a)</b>	<b>Total Taxable Assessed Valuation</b>	<b>Estimated Actual Value of Taxable Property</b>	<b>Ratio</b>
135,241,090	\$9.89	2,834,959,290	2,917,389,554	97.175%
142,153,440	\$9.93	2,952,428,840	3,066,380,310	96.284%
111,840,860	\$9.88	3,003,970,260	3,289,564,557	91.318%
106,589,490	\$9.80	3,121,639,990	3,498,919,306	89.217%
128,354,490	\$9.13	3,752,569,490	3,787,506,813	99.078%
128,371,550	\$9.45	3,834,788,600	4,093,368,800	93.680%
130,034,540	\$9.67	3,938,440,240	4,453,065,000	88.440%
121,464,420	\$10.26	4,006,712,640	4,828,733,700	82.980%
142,345,430	\$8.16	5,244,466,430	5,256,579,000	99.770%
140,119,930	\$8.41	5,351,196,130	5,716,891,600	93.600%

**City of Waukesha  
Table 6  
Property Tax Rates  
Direct and Overlapping Governments  
Rate Per \$1,000 of Assessed Valuation  
Last Ten Fiscal Years**

	<b>Total City Tax Rate</b>	<b>Overlapping Rates</b>					<b>Total Direct &amp; Overlapping Rates</b>
		<b>Total State Tax Rate</b>	<b>Total School Tax Rate</b>	<b>Total County Tax Rate</b>	<b>Total Technical College Tax Rate</b>	<b>Total State Tax Credit Rate</b>	
<b>1997</b>	9.89	0.21	11.58	2.82	1.41	(2.38)	23.53
<b>1998</b>	9.93	0.21	12.65	2.81	1.40	(2.19)	24.81
<b>1999</b>	9.88	0.22	12.20	2.81	1.56	(2.14)	24.53
<b>2000</b>	9.80	0.23	11.72	2.76	1.60	(1.89)	24.22
<b>2001**</b>	9.13	0.20	10.37	2.44	1.47	(1.57)	22.04
<b>2002</b>	9.45	0.21	10.04	2.47	1.50	(1.50)	22.17
<b>2003</b>	9.67	0.23	10.44	2.50	1.51	(1.43)	22.92
<b>2004</b>	10.26	0.24	10.77	2.54	1.52	(1.39)	23.94
<b>2005**</b>	8.16	0.19	7.80	1.97	1.17	(1.04)	18.25
<b>2006</b>	8.41	0.19	8.31	1.96	1.19	(1.28)	18.78

\*\* Reassessment Year

**THIS PAGE LEFT  
INTENTIONALLY BLANK**

**City of Waukesha  
Table 7  
Principal Taxpayers  
December 31, 2006**

<b>2006</b>					
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Value</u>	<u>Equalized Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Harmony Homes	Real Estate, Apartments	98,073,090	104,778,049	1	1.83%
General Electric Company	Medical Equipment	71,831,800	76,742,722	2	1.34%
Bielinski Properties	Apartments	53,557,150	57,218,690	3	1.00%
Thomas Thompson	Real Estate, Apartments	47,849,990	51,121,349	4	0.89%
Westgrove Woods LLP, Sunburst III	Real Estate, Apartments	25,520,870	27,265,654	5	0.48%
CIP Equity LLC (Country Springs Inn)	Hotel and Conference Center	23,293,370	24,885,867	6	0.44%
Moreland Medical Building	Medical Facility	21,435,730	22,901,226	7	0.40%
WHC Limited Partnership, Oak Hill Terrace	Real Estate	19,974,200	21,339,775	8	0.37%
Cooper / RTE Industries	Manufacturers of Power Transformers	18,599,100	19,870,664	9	0.35%
Pebble Valley Housing Partners, Inc.	Apartments	17,567,640	18,768,686	10	0.33%
Thomson & Polzin	Real Estate, Apartments				
Fleming Companies	Food wholesale Distribution				
The Laureate Group, Incorporated	Real Estate, Apartments				
Dresser Industries	Foundry				
		397,702,940	424,892,682		

1997

Taxable Assessed Value	Equalized Valuation	Rank	Percentage of Total Taxable Assessed Value
39,094,882	40,231,618	2	1.38%
47,317,799	48,693,628	1	1.67%
26,172,976	26,933,991	3	0.92%
18,481,597	19,018,974	6	0.65%
18,036,915	18,561,363	7	0.64%
12,226,764	12,582,274	10	0.43%
24,909,772	25,634,057	4	0.88%
20,429,311	21,023,321	5	0.72%
15,380,077	15,827,273	8	0.54%
13,548,457	13,942,397	9	0.48%
235,598,550	242,448,896		

**City of Waukesha  
Table 8  
Property Tax Levies and Collections  
Last Ten Years**

Fiscal Year Ended December 31	Total Tax To Fund Current Year	Tax Increment Collections	Total Tax Levy	Collected Within Current Year	
				Amount Collected Prior to August Settlement	Percentage of Levy
1997	71,087,378	2,375,110	73,462,488	72,950,815	99.303%
1998	76,277,178	3,449,240	79,726,418	79,139,265	99.264%
1999	76,585,966	3,485,335	80,071,301	79,459,807	99.236%
2000	79,005,987	2,513,759	81,519,745	80,785,752	99.100%
2001	85,709,243	2,889,064	88,598,307	87,686,370	98.971%
2002	87,808,826	2,958,372	90,767,199	89,633,272	98.751%
2003	93,393,332	2,462,049	95,855,381	94,956,914	99.063%
2004	98,857,711	2,638,422	101,496,133	100,752,096	99.267%
2005	99,574,142	1,594,868	101,169,010	100,105,232	98.949%
2006	105,468,920	1,850,530	107,319,450	In Process of Collection	

(1) On or before August 15 of each year Waukesha County pays the City for all delinquent Real Estate taxes including the City portion and assumes collection

(2) Includes portion of personal property taxes which are charged back to the respective taxing bodies

<b>Subsequent Collections</b>		<b>Total Collections to Date</b>	
<b>County Settlement (1)</b>	<b>Collections in Subsequent Years (2)</b>	<b>Amount</b>	<b>Percentage of Levy</b>
455,981	37,896	73,444,692	99.976%
521,879	48,022	79,709,166	99.978%
552,709	39,959	80,052,475	99.976%
657,891	53,108	81,496,751	99.972%
808,115	76,734	88,571,219	99.969%
1,072,176	48,591	90,754,039	99.986%
833,875	42,098	95,832,887	99.977%
686,125	37,798	101,476,019	99.980%
999,022	39,049	101,143,303	99.975%

## CITY OF WAUKEHSA

**TABLE 9**  
**TAX INCREMENT DISTRICTS**  
**Last Ten Fiscal Years**

	Year Created	1997	1998	1999	2000	2001
<b>TID #4 Equalized Valuation</b>	<b>1983</b>					
Base		16,450,800	16,450,800	16,450,800	16,450,800	16,450,800
Yearly Value		43,106,700	43,509,500	45,466,000	46,002,800	47,737,300
Increment		26,655,900	27,058,700	29,015,200	29,552,000	31,286,500
Total TID #4		26,655,900	27,058,700	29,015,200	29,552,000	31,286,500
<b>TID #6 Equalized Valuation</b>	<b>1988</b>					
Base		390,300	390,300	390,300		
Yearly Value		27,544,400	53,835,700	45,115,200		
Increment		27,154,100	53,445,400	44,724,900		
Total TID #6		27,154,100	53,445,400	44,724,900	0	0
<b>TID #7 Equalized Valuation</b>	<b>1989</b>					
Base		21,380,800	21,380,800	21,380,800	21,380,800	21,380,800
Yearly Value		45,472,400	43,538,500	43,492,300	43,342,500	44,699,500
Increment		24,091,600	22,157,700	22,111,500	21,961,700	23,318,700
Total TID #7		24,091,600	22,157,700	22,111,500	21,961,700	23,318,700
<b>TID #8 Equalized Valuation</b>	<b>1989</b>					
Base		4,260,200	4,260,200	4,260,200	4,260,200	4,260,200
Yearly Value		19,132,900	23,523,800	31,181,200	37,142,600	39,863,600
Increment		14,872,700	19,263,600	26,921,000	32,882,400	35,603,400
Total TID #8		14,872,700	19,263,600	26,921,000	32,882,400	35,603,400
<b>TID #9 Equalized Valuation</b>	<b>1994</b>					
Base		2,025,300	2,025,300	2,025,300	2,025,300	2,025,300
Yearly Value		2,876,400	2,886,200	2,984,400	3,923,000	6,623,700
Increment		851,100	860,900	959,100	1,897,700	4,598,400
Total TID #9		851,100	860,900	959,100	1,897,700	4,598,400
<b>TID #10 Equalized Valuation</b>	<b>1994</b>					
Base		3,195,800	3,195,800	3,195,800	3,195,800	3,195,800
Yearly Value		4,762,200	10,947,500	14,725,800	16,186,700	18,565,200
Increment		1,566,400	7,751,700	11,530,000	12,990,900	15,369,400
Total TID #10		1,566,400	7,751,700	11,530,000	12,990,900	15,369,400
<b>TID #11 Equalized Valuation</b>	<b>1997</b>					
Base		37,524,600	37,524,600	37,524,600	37,524,600	37,524,600
Yearly Value		0	41,730,700	45,523,000	47,073,600	51,859,100
Increment		0	4,206,100	7,998,400	9,549,000	14,334,500
Total TID #11		0	4,206,100	7,998,400	9,549,000	14,334,500
<b>TID #12 Equalized Valuation</b>	<b>2001</b>					
Base						
Yearly Value						
Increment						
Total TID #12		0	0	0	0	0
<b>TID #13 Equalized Valuation</b>	<b>2003</b>					
Base						
Yearly Value						
Increment						
Total TID #13		0	0	0	0	0
<b>TID #14 Equalized Valuation</b>	<b>2003</b>					
Base						
Yearly Value						
Increment						
Total TID #14		0	0	0	0	0
<b>ALL PROPERTY</b>						
All Property Without TIDs		2,739,857,000	2,869,739,600	3,036,717,100	3,305,444,100	3,576,369,500
Base Valuation - TIDs		85,227,800	85,227,800	85,227,800	84,837,500	84,837,500
All Property Without TID Increment		2,825,084,800	2,954,967,400	3,121,944,900	3,390,281,600	3,661,207,000
Increment Valuation - TIDs		95,191,800	134,744,100	143,260,100	108,833,700	124,510,900
<b>Equalized Valuation - All Property</b>		2,920,276,600	3,089,711,500	3,265,205,000	3,499,115,300	3,785,717,900

Note: The City Closed TIF #6 in November 2000  
Note: The City closed TIF #8 in May 2003  
Note: The City dissolved TIF #4 and #10 in 2005

Note: TID 13 created 05/21/03 and certified 03/03/04  
Note: TID 14 created 03/26/03 and certified 05/18/04



## CITY OF WAUKEGSA

**TABLE 9 (CONTINUED)**  
**TAX INCREMENT DISTRICTS**  
**Last Ten Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>TID #4 Equalized Valuation</b>					
Base	16,450,800	16,450,800	16,450,800		
Yearly Value	48,085,100	49,888,400	51,232,200		
Increment	31,634,300	33,437,600	34,781,400		
Total TID #4	31,634,300	33,437,600	34,781,400	0	0
<b>TID #6 Equalized Valuation</b>					
Base					
Yearly Value					
Increment					
Total TID #6	0	0	0	0	0
<b>TID #7 Equalized Valuation</b>					
Base	21,380,800	21,380,800	21,380,800	21,380,800	21,380,800
Yearly Value	45,676,100	46,877,100	48,131,900	50,339,600	52,226,500
Increment	24,295,300	25,496,300	26,751,100	28,958,800	30,845,700
Total TID #7	24,295,300	25,496,300	26,751,100	28,958,800	30,845,700
<b>TID #8 Equalized Valuation</b>					
Base	4,260,200				
Yearly Value	43,032,200				
Increment	38,772,000				
Total TID #8	38,772,000	0	0	0	0
<b>TID #9 Equalized Valuation</b>					
Base	2,025,300	2,025,300	2,025,300	2,025,300	2,025,300
Yearly Value	10,097,400	12,373,200	13,644,100	14,609,800	15,552,200
Increment	8,072,100	10,347,900	11,618,800	12,584,500	13,526,900
Total TID #9	8,072,100	10,347,900	11,618,800	12,584,500	13,526,900
<b>TID #10 Equalized Valuation</b>					
Base	3,195,800	3,195,800	3,195,800	3,195,800	3,195,800
Yearly Value	19,171,300	20,857,400	21,602,900		
Increment	15,975,500	17,661,600	18,407,100		
Total TID #10	15,975,500	17,661,600	18,407,100	0	0
<b>TID #11 Equalized Valuation</b>					
Base	37,524,600	37,524,600	37,524,600	37,524,600	37,524,600
Yearly Value	53,282,100	61,190,300	66,540,400	68,451,800	74,061,700
Increment	15,757,500	23,665,700	29,015,800	30,927,200	36,537,100
Total TID #11	15,757,500	23,665,700	29,015,800	30,927,200	36,537,100
<b>TID #12 Equalized Valuation</b>					
Base	107,700	107,700	107,700	107,700	107,700
Yearly Value	483,500	4,948,400	6,206,800	7,692,700	13,533,900
Increment	375,800	4,840,700	6,099,100	7,585,000	13,426,200
Total TID #12	375,800	4,840,700	6,099,100	7,585,000	13,426,200
<b>TID #13 Equalized Valuation</b>					
Base			481,800	481,800	481,800
Yearly Value			323,400	2,452,100	2,944,800
Increment			0	1,970,300	2,463,000
Total TID #13	0	0	0	1,970,300	2,463,000
<b>TID #14 Equalized Valuation</b>					
Base			1,898,300	1,898,300	1,898,300
Yearly Value			1,955,200	3,554,700	4,607,900
Increment			56,900	1,656,400	2,709,600
Total TID #14	0	0	56,900	1,656,400	2,709,600
<b>ALL PROPERTY</b>					
All Property Without TIDs	3,873,541,100	4,256,930,200	4,618,938,400	5,106,282,500	5,550,768,800
Base Valuation - TIDs	84,945,200	80,685,000	83,065,100	66,614,300	66,614,300
All Property Without TID Increment	3,958,486,300	4,337,615,200	4,702,003,500	5,172,896,800	5,617,383,100
Increment Valuation - TIDs	134,882,500	115,449,800	126,730,200	83,682,200	99,508,500
Equalized Valuation - All Property	4,093,368,800	4,453,065,000	4,828,733,700	5,256,579,000	5,716,891,600

**City of Waukesha**  
**Table 10**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business Type Activities					Total Primary Government	Percentage of Debt to Personal Income (2)	Per Capita
	General Obligation Debt	Bond & Note Anticipation Notes	General Obligation Debt	Bond & Note Anticipation Notes	WasteWater Enterprise Fund Revenue Bonds	Water Utility Enterprise Fund Revenue Bonds	Cemetery Revenue Bonds			
2006	78,836,878	5,740,000	5,540,855		14,410,144	10,375,000		114,902,877	*	1,695.98
2005	67,784,859	10,775,000	6,061,023	0	16,946,315	3,195,000		104,762,197	3.38%	1,550.20
2004	68,395,821	1,875,000	6,495,350	0	19,378,114	3,860,000		100,004,285	3.54%	1,496.71
2003	53,982,079	18,145,000	2,245,231	4,345,000	21,709,835	4,490,000		104,917,145	4.05%	1,570.45
2002	69,827,181		2,594,622		23,945,597	5,215,000		101,582,400	4.05%	1,533.62
2001	61,438,928		2,898,728		26,559,350	5,910,000		96,807,006	3.90%	1,481.95
2000	44,258,410		665,396		29,089,879	6,390,000		80,403,685	3.20%	1,240.32
1999	55,299,554		778,250		31,510,816	7,000,000		94,588,620	4.08%	1,500.76
1998	55,631,070		863,930		33,258,601	7,585,000	85,834	97,424,435	4.71%	1,566.38
1997	56,020,000		695,000		35,453,266	8,145,000	107,233	100,420,499	5.57%	1,636.63

\* Information Not Yet Available

**Sources:**

- (1) Demographic Services Center, Wisconsin Department of Administration
- (2) Personal Income Shown in Table 15

**City of Waukesha**

**Table 11  
Ratios of General Bonded Debt Outstanding To Equalized Valuation  
And Debt Per Capita  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Debt</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Equalized Valuation (TID Out)</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Population (1)</b>	<b>Per Capita</b>
2006	84,377,733	1,089,976	83,287,757	5,617,383,100	1.483%	67,750	1,229.34
2005	73,845,882	1,312,199	72,533,683	5,172,896,800	1.402%	67,580	1,073.30
2004	74,891,171	1,738,134	73,153,037	4,702,003,500	1.556%	66,816	1,094.84
2003	56,227,310	1,835,466	54,391,844	4,337,615,200	1.254%	66,807	814.16
2002	72,421,803	2,568,354	69,853,449	3,958,486,300	1.765%	66,237	1,054.60
2001	64,337,656	2,127,718	62,209,938	3,661,207,000	1.699%	65,324	952.33
2000	44,923,806	1,343,957	43,579,849	3,390,281,600	1.285%	64,825	672.27
1999	56,077,804	2,466,305	53,611,499	3,121,944,900	1.717%	63,027	850.61
1998	56,495,000	3,265,051	53,229,949	2,954,967,400	1.801%	62,197	855.83
1997	56,715,000	3,001,210	53,713,790	2,825,084,800	1.901%	61,358	875.42

**Sources:**

**(1) Demographic Services Center, Wisconsin Department of Administration**

**City of Waukesha**  
**Table 12**  
**Computation of Direct and Overlapping Governmental Activities Debt**

<u>Governmental Unit</u>	<u>Debt Outstanding as of March 1, 2007</u>	<u>Percent Chargeable to City</u>	<u>Outstanding Debt Chargeable to City</u>
Waukesha County Technical College District	31,780,000	11.310%	3,594,318
Waukesha County	79,525,000	11.588%	9,215,198
Waukesha School District	19,705,000	60.980%	12,016,109
City of Waukesha Direct Debt			<u>84,576,878</u>
Total Direct and Overlapping Debt			109,402,503

**Source:**

Waukesha County Debt - Waukesha County 2006 CAFR

WCTC and Waukesha School District Debt per Robert W. Baird Survey

**THIS PAGE LEFT  
INTENTIONALLY BLANK**

**City of Waukesha  
Table 13  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	2006	2005	2004	2003
<b>Debt Limit</b>	\$ 285,844,580	\$ 262,828,950	\$ 241,436,685	\$ 222,653,250
<b>Debt Applicable to Limit</b>	84,377,733	73,845,882	74,891,171	56,227,310
<b>Less Amount Available for Financing General Obligation Debt - Debt Service Fund Outstanding General Obligation Debt Applicable to Debt Limitation</b>	1,089,976	1,312,199	1,738,134	1,835,466
<b>Legal Debt Margin</b>	202,556,823	190,295,267	168,283,648	168,261,406
 <b>Total net debt applicable to the limit as a percentage of debt limit</b>	 29.137%	 27.597%	 30.299%	 24.429%
 <b>Equalized valuation as Certified by Wisconsin Department of Revenue (TID in)</b>	 5,716,891,600	 5,256,579,000	 4,828,733,700	 4,453,065,000
<b>Legal Debt percentage Allowed</b>	5.00%	5.00%	5.00%	5.00%
<b>Legal Debt Limit</b>	285,844,580	262,828,950	241,436,685	222,653,250
<b>Ratio</b>	93.60%	99.77%	82.98%	88.44%

**City of Waukesha  
Table 13 (Continued)  
Legal Debt Margin Information  
Last Ten Fiscal Years**

2002	2001	2000	1999	1998	1997
\$ 204,668,440	\$ 189,285,895	\$ 174,955,765	\$ 163,260,250	\$ 154,485,575	\$ 146,013,830
72,421,803	64,337,656	44,923,806	56,077,804	56,495,000	56,715,000
2,568,354	2,127,718	1,343,957	2,466,305	3,265,051	3,001,210
69,853,449	62,209,938	43,579,849	53,611,499	53,229,949	53,713,790
134,814,991	127,075,957	131,375,916	109,648,751	101,255,626	92,300,040
34.130%	32.866%	24.909%	32.838%	34.456%	36.787%
4,093,368,800	3,785,717,900	3,499,115,300	3,265,205,000	3,089,711,500	2,920,276,600
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
204,668,440	189,285,895	174,955,765	163,260,250	154,485,575	146,013,830
93.68%	99.08%	89.22%	91.32%	96.28%	97.17%

**Legal Debt Margin Calculation for Fiscal Year 2006**

Equalized Value	5,716,891,600
Debt Limit (5% of Equalized Valuation (TID in))	285,844,580
Total Outstanding General Obligation Debt Applicable to Debt Limitation	84,377,733
Less Amount Available for Financing General Obligation Debt	(1,089,976)
Net Outstanding General Obligation Debt Applicable to Debt Limitation	83,287,757
Legal Debt Margin For New Debt	202,556,823

**City of Waukesha  
Table 14  
Pledged-Revenue Coverage  
Last Ten Years**

Fiscal Year	Wastewater Revenue Bonds					
	Sewer Charges and Other	Less Operating Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ 9,131,030	\$ 8,337,392	\$ 793,638	\$ 2,536,172	\$ 672,910	24.7310%
2005	9,707,092	7,673,722	2,033,370	2,431,799	779,522	63.3188%
2004	9,492,288	7,627,491	1,864,797	2,331,721	881,747	58.0307%
2003	9,554,699	7,042,122	2,512,577	2,235,762	979,766	78.1389%
2002	9,466,572	6,746,831	2,719,741	2,613,752	1,085,500	73.5214%
2001	7,708,757	6,501,303	1,205,454	2,530,529	1,199,004	32.3218%
2000	7,649,889	6,329,143	1,320,746	2,420,937	1,307,850	35.4203%
1999	7,790,780	5,974,385	1,816,395	2,310,721	1,401,011	48.9366%
1998	7,961,969	5,851,005	2,110,964	2,194,665	1,484,814	57.3713%
1997	7,849,544	5,840,853	2,008,691	2,106,425	1,577,363	54.5279%
Fiscal Year	Cemetery Revenue Bonds					
	Charges and Other	Less Operating Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006			NA	NONE	NONE	
2005			NA	NONE	NONE	
2004			NA	NONE	NONE	
2003			NA	NONE	NONE	
2002			NA	NONE	NONE	
2001			NA	NONE	NONE	
2000			NA	NONE	NONE	
1999	\$ 483,136	\$ 555,695	\$ (72,559)	\$ 85,834	\$ 4,835	-80.0266%
1998	337,700	418,368	(80,668)	21,399	7,289	-281.1891%
1997	224,113	384,057	(159,944)	20,159	8,529	-557.5279%



**City of Waukesha  
Table 14 (Continued)  
Pledged-Revenue Coverage  
Last Ten Years**

Water Utility Revenue Bonds						
Charges and Other	Less Operating Expenditures	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ 6,865,990	\$ 5,037,951	\$ 1,828,039	\$ 685,000	\$ 305,866	184.4890%	
6,466,825	4,664,656	1,802,169	665,000	167,965	216.3559%	
6,245,108	4,215,696	2,029,412	630,000	194,605	246.1072%	
6,327,236	4,522,972	1,804,264	725,000	227,841	189.3563%	
6,471,580	5,374,334	1,097,246	695,000	259,285	114.9810%	
5,725,487	4,974,358	751,129	680,000	265,137	79.4730%	
5,838,004	4,823,683	1,014,321	610,000	345,235	106.1855%	
5,665,109	4,734,042	931,067	585,000	369,715	97.5230%	
5,565,962	4,477,808	1,088,154	560,000	381,313	115.5996%	
5,381,687	4,334,416	1,047,271	545,000	412,797	109.3416%	

**City of Waukesha**  
**Table 15**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	City of Waukesha				Waukesha County			
	Population (1)	Per Return Adjusted Gross Income (2)	Per Capita Personal Income (3)	Unemployment Rate (4)	Waukesha County Population (1)	Per Return Adjusted Gross Income	Personal Income (3)	Per Capita Personal Income (3)
2006	67,750	*	*	3.80%	379,577	*	*	*
2005	67,580	\$46,328	\$45,454	3.80%	377,348	\$67,954	\$17,218,196,000	\$45,454
2004	66,816	43,925	43,797	4.20%	373,339	64,012	16,478,494,000	43,797
2003	66,807	44,425	41,471	4.80%	371,211	61,987	15,497,641,000	41,471
2002	66,237	44,876	41,003	4.60%	368,077	60,778	15,177,744,000	41,003
2001	65,324	45,172	40,701	3.60%	363,571	60,666	14,881,031,000	40,701
2000	64,825	45,289	41,030	2.70%	360,767	60,908	14,859,799,000	41,030
1999	63,027	44,610	38,674	2.10%	350,273	58,730	13,838,661,000	38,674
1998	62,197	41,301	37,026	2.20%	345,440	54,662	13,071,150,000	37,026
1997	61,358	38,950	34,502	2.40%	341,338	51,175	12,020,322,000	34,502

\* Information Not Yet Available

**Sources:**

(1) Demographic Services Center, Wisconsin Department of Administration

(2) Wisconsin Department of Revenue, Division of Research and Analysis

(3) Regional Economic Information System, Bureau of Economic Analysis, U. S. Department of Commerce

(4) Wisconsin Department of Workforce Development

**City of Waukesha  
Table 16  
Principal Employers  
Current Year and Nine Years Prior**

Employer	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
General Electric Medical Systems	3,976	1	10.4742%	2,150	2	6.0965%
Waukesha Memorial Hospital	2,076	2	5.4689%	2,600	1	7.3725%
Prohealth	2,045	3	5.3872%			
School District of Waukesha	1,700	4	4.4784%	1,834	3	5.2005%
Cooper Power Systems	1,500	5	3.9515%	765	6	2.1692%
Waukesha County	1,402	6	3.6934%	1,300	4	3.6863%
Waukesha Engine	800	7	2.1075%	940	5	2.6655%
Waukesha Health System Inc.	734	8	1.9336%			
Husco International Inc.	550	9	1.4489%			
City of Waukesha	534	10	1.4067%			
Waukesha Electric Systems	530	11	1.3962%	515	12	1.4603%
Generac Corp.	500	12	1.3172%	700	7	1.9849%
Hein-Werner Corp.				585	8	1.6588%
Magnetek Electric, Inc.				531	9	1.5057%
Beatrice Cheese Inc.				525	10	1.4887%
Fleming Companies				522	11	1.4802%
Total	<u>16,347</u>			<u>12,967</u>		

**Source:**

**1997: Waukesha Area Chamber of Commerce, Fall 1997 and Wisconsin Manufacturers Register, 1998 Edition**

**2006: Robert W. Baird & Co. Employer Contacts February 2006, June 2006, and April 2007.**

**2006 Wisconsin Business Services and Manufacturer's Directories**

**City of Waukesha**  
**Table 17**  
**Full - Time Equivalent City Government Employees By Function**  
**Last Ten Fiscal Years**

	Full Time Equivalent Employees as of December 31									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>General Government</b>										
Municipal Court	4	4	4	4.5	4.5	3.5	3.5	3.5	4	4
Mayor's Office/City Administrator	3	3	3	3	3	3	3	3	2	2
Personnel	2.7	2.7	2.7	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Attorney's Office	5.125	5.3	5.3	5.3	5.3	5.3	5.3	4.85	4.8	4.8
Assessor	7	7	7	7	7	7	7	7	7	7
Clerk-Treasurer's Office	6	6.75	6.88	7	7	7	7	7	7	7
Finance	5.63	5.63	5.63	4.63	5.63	5.63	5.63	5.63	5.63	5.63
Information Systems	12	12	13	13	13	13	13	11.5	13	13
Planning	8.25	8.25	8.25	8.25	8	8	8	8	8	8
Building Inspection	8.25	8.25	8.25	8.25	8	8	8	8	8	8
<b>Total General Government</b>	<b>61.955</b>	<b>62.88</b>	<b>64.01</b>	<b>64.68</b>	<b>65.18</b>	<b>64.18</b>	<b>64.18</b>	<b>62.23</b>	<b>63.18</b>	<b>63.18</b>
<b>Public Safety</b>										
Police										
Officers	113	113	113	107	107	106	106	106	106	106
Civilians	38	37.5	37.5	37	37	36	36	36	36	36
Fire										
Firefighters and Officers	92	92	92	91	91	91	91	91	91	91
Civilians	5	6	6	7	7	7	7	7	7	7
<b>Highways and Streets</b>										
Engineering	29	29	29	29	29	27	27	25	25	25
Maintenance	55.75	56.75	56.75	56	56	56	56	56	56	56
<b>Culture and Recreation</b>										
Parks and Recreation	42.5	43.5	43	42	41	40	40	40	40	40
Library	46.73	48.11	48.6	46	45	43	43	43	43	43
Parking	5.7	5.7	5.7	5.7	5.7	5.2	5.2	5.2	5.2	5.2
Waste Water Treatment Utility	25	27	27	32	30	30	30	30	30	30
Cemetery	4.5	6	5.5	6.5	6.5	6.5	6.5	6.5	5.5	5.5
<b>TOTAL</b>	<b>519.135</b>	<b>527.44</b>	<b>528.06</b>	<b>523.88</b>	<b>520.38</b>	<b>511.88</b>	<b>511.88</b>	<b>507.93</b>	<b>507.88</b>	<b>507.88</b>

Source: 1997 - 2006 City of Waukesha Budget Documents

***THIS PAGE LEFT BLANK INTENTIONALLY***

**City of Waukesha**  
**Table 18**  
**Operating Indicators By Function**  
**Last Ten Fiscal Years**

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>FUNCTION</b>										
<b><u>Court</u></b>										
Traffic Citations	8,112	8,047	6,892	6,958	7,545	7,536	8,177	10,471	10,097	9,006
Ordinance Violations	1,881	1,848	2,370	2,472	3,456	3,417	4,046	3,580	1,555	1,439
Juvenile	816	796	913	931	NA	NA	NA	NA	NA	NA
Building	152	197	114	43	NA	NA	NA	NA	NA	NA
<b><u>Assessor</u></b>										
Number of Parcels	20,375	20,170	19,567	19,326	18,948	18,681	18,224	17,876	17,557	17,130
Personal Property	2,387	2,406	2,414	2,447	2,433	2,424	2,443	2,322	2,370	2,318
Assessment Appeals	6	61	4	6	12	53	2	1	4	5
<b><u>Treasurer</u></b>										
Tax Bills Issued	22,620	22,430	21,909	21,615	22,384	21,934	21,468	21,094	20,883	20,388
Tax Refunds Issued	1,525	475	375	687	1,100	1,750	2,000	2,600	4,100	1,500
Licenses Issued (excluding dog and cat)	800	975	775	887	786	975	800	925	900	1,500
<b>II</b>										
Workstations Supported	463	463	443	425	410	404	374	368	265	265
Software supported	160	160	158	150	70	62	59	51	46	49
Persons Trained	525	525	525	499	480	260	300	352	80	265
<b><u>Police</u></b>										
Calls for Service	74,264	77,796	75,093	78,223	77,479	78,188	74,738	77,215	77,215	76,241
Self-Initiated	46,444	47,924	47,202	49,273	47,855	48,597	47,434	51,388	51,176	50,917
Incident Reports	6,375	6,517	6,323	6,301	6,839	7,051	7,022	7,483	7,548	7,259
Accident Reports	2,272	2,642	2,477	2,453	2,381	2,392	2,714	1,823	1,610	2,696
Citations	7,225	7,597	6,729	6,585	6,869	7,324	8,106	9,459	9,133	10,112
Alarms Responses	827	793	872	865	977	943	1,268	1,192	1,098	1,025
<b><u>Fire</u></b>										
EMS Responses	4,461	4,205	4,022	3,769	3,834	3,793	3,711	3,557	3,476	3,049
Fire Responses	874	875	860	854	869	847	868	769	771	671
Fire Inspections	5,578	5,643	5,655	5,483	5,120	5,063	4,582	5,481	6,333	6,315
<b><u>Building Inspection</u></b>										
Building Permits	1,033	1,019	1,123	1,155	1,199	1,367	1,281	1,188	1,231	1,228
Electric Permits	1,731	1,735	1,778	1,993	1,893	1,963	1,956	1,796	1,910	1,912
Plumbing Permits	1,200	1,468	1,497	1,521	1,405	1,546	1,592	1,253	1,910	1,495
Heating Permits	927	1,094	1,159	1,064	1,096	1,077	1,073	1,059	1,448	1,146
Sign Permits	192	189	203	240	267	272	405	405	297	317
Heating Licenses	184	226	114	247	175	170	173	176	93	193
Electric Licenses	318	288	286	293	262	253	260	242	264	264
<b><u>Engineering</u></b>										
Erosion Control Permits	55	68	78	66	68	81	108	139	112	134
Digger's Hotline Tickets Received	8,697	9,193	9,781	9,906	9,705	9,010	11,374	9,935	9,711	9,496
Sidewalk Replacement (Square Feet)	49,527	40,750	42,900	37,500	38,000	58,500	54,000	70,000	38,000	35,000
Miles of Paving	3	3	3	4	4	2	4	2	3	4
<b><u>Planning</u></b>										
Final Plats & CSMS	2	36	41	36	3	2	7	38	8	14
Rezoning	21	24	20	28	26	16	20	25	41	14
Residential PUD	11	16	11	9	18	10	5	14	19	18
Commercial PUD	3	0	31	4	12	16	8	49	46	35
Annexations	20	21	8	20	32	27	27	13	18	10
Site Plan Architectural Review	47	84	98	79	NA	NA	NA	NA	NA	NA
Conditional Uses	23	25	23	NA	NA	NA	NA	NA	NA	NA
Preliminary Plats	3	28	14	NA	NA	NA	NA	NA	NA	NA
<b><u>Public Works Department</u></b>										
Catch Basins Repaired	60	130	85	19	26	24	76	52	45	118
Sewer Flushing (Miles)	380	285	259	236	236	235	235	234	231	230
Street Maintenance ( Grinding/Paving)(Miles)	3	0	0	3	7	4	6	5	4	4
Snow Plowing and Salting (Miles)	295	287	287	264	264	247	247	242	231	212
Salting (Tons Per Year)	10,700	8,250	8,010	7,100	6,400	5,400	6,900	4,333	3,813	5,750
Street Light Repair - Knowdowns	62	67	51	26	66	36	44	45	10	22
Street Light Repair - Replacement Bulbs	300	360	242	120	132	126	150	125	101	60
Street Light Repair - Fuses and Ballasts	125	190	196	161	225	125	40	45	12	25
Signal Repair	35	91	63	36	61	41	33	24	12	19
Tarring (Miles)	1	2	2	2	25	2	2	2	6	3
Street Repair - Paving (Miles)	1	5	3	1	4	3	4	4	2	1
Land Terracing (Miles)	109	3	2	1	2	2	3	2	1	1
Mason Repair Work	86	56	22	20	51	21	121	115	57	134

(Continued)

**City of Waukesha**  
**Table 18**  
**Operating Indicators By Function**  
**Last Ten Fiscal Years**

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b><u>Public Works Department (Continued)</u></b>										
Signs Installed/Repaired	1 125	980	1,041	737	630	527	575	503	401	204
Drop Off Center Rubbish (Tons)	1,914	1,909	2,554	2,318	2,176	2,184	2,214	2,065	2,037	1,685
Drop Off Center Rubbish (Containers)	516	533	586	590	562	522	531	569	510	472
Metal Salvage (Tons)	91	103	112	109	113	102	102	135	128	89
Drop Off Center Traffic Volume	47,805	51,796	53,794	54,008	52,753	52,900	51,704	57,540	55,541	51,605
Leaves/Yard Waste (Tons)	4,672	3,043	3,812	2,357	2,926	2,541	1,141	1,354	2,738	3,398
Fall Leaf Pickup Equipment Hours	4,280	5,680	5,048	4,376	4,216	4,472	1,144	1,520	1,264	1,424
Curbside Households - rec.	19,885	19,716	19,529	19,200	18,878	18,613	18,335	18,129	17,872	17,498
Curbside Recyclables (Tons)	5,523	5,313	5,341	4,979	4,914	4,722	4,846	5,267	5,012	4,637
Drop Off Center Oil (Gallons)	11,300	14,035	15,980	16,460	16,390	15,275	16,060	17,990	21,175	20,520
Drop Off Center Antifreeze (Gallons)	440	715	750	880	650	850	825	935	805	760
Recycling Bins Sold (1)	0	168	331	290	274	328	265	307	220	220
<b><u>Library</u></b>										
Number of Visitors	469,017	480,452	505,647	515,112	491,537	480,464	468,168	473,336	495,982	517,104
Number of Items Circulated	1,471,793	1,565,404	1,640,292	1,575,406	1,504,452	1,348,837	1,139,510	1,144,983	1,208,564	1,248,768
Number of Questions Answered	132,327	130,910	128,902	140,428	135,953	140,446	134,352	147,278	154,636	150,170
Number of Cardholders (2)	70,934	76,497	83,253	81,294	75,391	67,292	69,051	71,637	73,309	73,750
Number of Children's Programs	493	465	515	544	543	525	540	285	276	293
Number Attending Children's Programs	22,495	20,208	23,522	24,249	19,094	17,909	15,770	15,510	14,701	14,555
Number Registrants Summer Reading Program	2,798	3,003	2,936	2,513	2,614	2,670	2,502	2,401	2,796	2,637
Number of Items in the Collection	333,162	332,062	336,093	315,667	302,754	286,052	280,998	267,118	260,015	252,474
Number of Circulations to the Homebound	28,318	25,354	24,831	22,492	26,417	23,256	19,505	16,541	16,957	17,332
Number of Hours Open	3,481	3,424	3,516	3,562	3,513	3,527	NA	NA	NA	NA
Number of Personal Computers	74	74	64	64	64	63	NA	NA	NA	NA
<b><u>Parks, Recreation, and Forestry</u></b>										
Pool Passes	1 225	985	895	1,017	1 166	1,241	1 130	1,175	1,188	1 133
Swim Lesson Enrollments	2 018	2 014	2 202	2 218	1,977	NA	NA	NA	NA	NA
Recreation Program Enrollments	15,178	14,996	15,996	15,156	12,532	NA	NA	NA	NA	NA
Park Acreage Mowed	580	610	610	603	573	573	560	540	510	510
Trees Planted	488	568	666	602	743	750	825	517	1,083	714
Trees Removed	380	303	185	167	NA	NA	NA	NA	NA	NA
Stumps Removed	380	303	165	NA	NA	NA	NA	NA	NA	NA
Trees Pruned	5,365	3,783	3,819	4,033	6,599	NA	NA	NA	NA	NA
Service Requests	478	483	456	NA	NA	NA	NA	NA	NA	NA
<b><u>Waste Water Treatment Plant</u></b>										
Gallons Treated (Millions)	3,619	3,194	3,656	3,035	3,822	3,648	3,368	3,242	3,337	3,544
Flow (Million Gals/Day Avg)	10	9	10	8	10	10	9	9	9	10
BOD5 (Thousands removed)	5,150	5,570	5,602	5,942	5,972	4,825	4,976	5,095	5,413	6,261
BOD5 (Thousands Discharged)	0	2	8	8	1	1	4	4	22	27
Suspended Solids (Thousands Discharged)	15	9	12	7	21	21	22	18	29	41
Biosolids Produced (Dry Metric Tons)	1,297	1,946	2,088	1,958	1,506	1,750	1,636	1,691	1,415	1,507
<b><u>Parking Utility</u></b>										
Ramp Parking - Number of Vehicles	56,235	48,382	46,042	58,199	68,365	76,394	80,437	NA	NA	NA
Surface Lots - Number of Permits	1,854	1,877	1,869	1,995	2,125	1,875	1,922	1,875	1,809	NA
Transit Center Permits	942	NA	NA	NA	NA	NA	NA	NA	NA	NA
Tickets Issued	17,731	17,005	18,222	18,319	30,644	29,970	31,266	36,854	NA	NA
Overnight Permits Issued	3,675	3,013	3,053	3,492	4,008	3,709	NA	NA	NA	NA

Source: City of Waukesha Budget Documents

(1) Starting in 2005, Recycling Bins are Distributed at No Charge

(2) Decrease due to Efforts of CAFÉ Libraries to Eliminate Duplicate Customer Records

**City of Waukesha**  
**Table 19**  
**Capital Asset Statistics By Function**  
**Last Ten Fiscal Years**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
<b>FUNCTION</b>										
Public Safety										
Police										
Police Stations/Substations	2	2	2	2	2	2	2	2	2	2
Patrol Units/Squads	25	25	25	25	24	24	Unavailable	Unavailable	Unavailable	Unavailable
Unmarked Vehicles	30	30	30	30	30	30	Unavailable	Unavailable	Unavailable	Unavailable
Fire										
Number of Stations	4	4	4	4	4	4	4	4	4	4
Fire Engines/Trucks	8	8	8	8	8	8	8	8	8	8
Ambulances	5	5	5	5	5	5	5	5	5	5
Highways and Streets (1)										
Acres - Public Right of Way	1406.79	1381.3	1356.3	1349.25	1322.37	1293.56	1286.98	1234.86	1207.22	1194.99
Miles of Streets	252.12	249.25	247.07	242	238.95	223.51	216.56	205.1	200.04	187.76
Sidewalks - Miles	301.82	294.47	287.85	278.91	272.66	266.14	259.61	253.09	246.22	239.35
Traffic Signals - Number	61	60	60	59	58	58	56	55	54	53
Bridges - Number	7	7	7	7	7	7	7	7	7	7
Culture and Recreation										
Park Acreage	1,055	1,017	1,014	975	854	828	818	785	782	753
Restroom Facilities	29	29	27	27	27	27	NA	NA	NA	NA
Baseball/Softball Fields	27	27	24	24	24	24	23	23	23	18
Tennis Courts	42	41	41	39	39	NA	NA	NA	NA	NA
Playgrounds	26	26	26	25	25	25	NA	NA	NA	NA
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Sewers										
Sanitary Sewer - Miles	380	285	259	236	236	235	235	234	231	230

**Source:**  
**(1) Annual Fixed Asset Records Submitted by Engineering Department**



# CITY OF WAUKEHSA

**Table 20**  
**INSURANCE COVERAGES**  
**December 31, 2006**

TYPE	COVERAGE
Public Entity Liability Insurance Community Insurance Corporation	Limit Per Occurrence: \$10,000,000 \$10,000 Deductible per Occurrence \$75,000 Aggregate Deductible
Equipment Breakdown Hartford Steam and Boiler Inspection & Insurance Company	Limit: \$50,000,000 \$5,000 Deductible
Government Crime Policy Fidelity & Deposit Companies	\$100,000 Limit Per Loss - Employee Theft \$1,000 Deductible \$100,000 Forgery/Alteration Limit Per Occurrence \$250 Deductible \$20,000 Limit - Theft of Money and Securities - Inside or Outside the Premises \$250 Deductible
Worker Compensation Policy Wausau Insurance Companies	Limit: Statutory Employer Liability Insurance Bodily Injury by Accident: \$100,000 Each Accident Bodily Injury by Disease: \$500,000 Policy Limit Bodily Injury by Disease: \$100,000 Each Employee
Buildings, Personal Property, Inland Marine Floater, Property in the Open, and Builders' Risk Local Government Property Insurance Fund	Coverage: \$234,694,334 Deductible: \$5,000
Contractors Equipment Coverage (Replacement Cost) Local Government Property Insurance Fund	Coverage: \$6,796,323 Deductible: \$500
Motor Vehicle Comprehensive Coverage Local Government Property Insurance Fund	Coverage: \$9,972,939 Deductible: 500
Motor Vehicle Collision Coverage Local Government Property Insurance Fund	Coverage: \$9,972,939 Deductible: 500
Business Interruption Local Government Property Insurance Fund	Coverage: 750,000; Deductible: \$5,000
Accounts Receivable Local Government Property Insurance Fund	Coverage: 700,000; Deductible: \$5,000
Loss of Rents Local Government Property Insurance Fund	Coverage: 20,000; Deductible: \$5,000

[illegible]

